Brand Management

An Introduction through Storytelling

MOREMEDIA

Emmanuel Mogaji

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To my wife, Temitope, and children, Praise, Precious and Hephzibah. Thank you for your support, understanding and patience while I was writing this book.

To my students at the University of Greenwich. Thank you for motivating and challenging me to improve the quality of my teaching.

Preface

We are surrounded by brands. We engage with brands every day; however, the management of these brands is a different concept. It is my pleasure to introduce you to the basics of brand management. Brand management is not one of those subjects like art, science or mathematics that you may have studied in college or secondary school. Often students first come across brand management as a subject in their first year at university. In this case, many students do not have prior knowledge of branding. Brand management, in marketing, actually has to do with creating a perfect analysis and representation of how a particular brand is being perceived vis-à-vis how it should be perceived by users, other brands, investors and so on. Brand management also has to do with planning how the brand should be perceived if it is to achieve its objectives and then ensuring that the brand is perceived as planned by the company. Managing the brand secures the objectives of the brand—it ensures that the brand does not deviate in any way from the set goals.

At this level, students are exposed to textbooks that are sometimes too complex for their understanding. This can have an impact on their interest and motivation and on their views regarding the concept and subject of brand management. Most of these textbooks offer insight into strategic brand management, which is often too technical for students with no prior knowledge. These textbooks are broad, advanced and more suitable for postgraduate students, practitioners and researchers with prior knowledge of the fundamentals of brand management. Taking into consideration how sophisticated branding can be and considering the student as a key stakeholder in this knowledge creation, this book offers an introduction to brand management with a unique style, structure and layout.

I have been teaching brand management in different universities for many years. I have come to understand students' struggles to grasp the basic concepts of brand management, especially when an advanced-level textbook is used. To ease this pressure, I came up with the Brand Story. The story introduces brand management with a narrative that aims to engage and resonate with the students. The Brand Story is a narrative of three individuals in different industries, each facing brand management challenges. This is a more practical approach to ensure a better understanding of brand management for those with no prior theoretical knowledge, without ignoring the theoretical foundations.

I must acknowledge there are many books on brand management out there, written by individuals who may be more experienced. However, as authors, we each have a unique perspective, experience, exposure and background. These differences shape our understanding and the contribution we make to the body of knowledge on the subject matter—brand management. This brings a diverse form of expertise, disrupting the norms and the curriculum and presenting cutting-edge trends in brand management and pedagogy. To this end, I have identified five key features that make this book unique and different from others:

1. The Storyline—the book is written with a different approach. It incorporates the story of three individuals with different branding experience and management challenges. The storyline takes the journey of brand management through the experience of a charity/not-for-profit organisation brand, an entrepreneur/small start-up brand and a big multinational corporate brand. These storylines that run through the book bring to light a wide range of brand management challenges relevant to undergraduate studies.
2. The Style—the style is conversational yet theoretically and practically relevant. It is suitable for undergraduates studying marketing, business management, advertising, and graphic design. and for master's students with no prior knowledge of branding. This means the book can be easily understood by those who are studying brand management for the first time.
3. The Structure—the book is structured over 12 chapters and therefore aligns with the 12 teaching weeks in a semester. There are common threads and lines of thought between each chapter. From my teaching experience, I found that students are often daunted with the rigid structure of the textbook. Most of the time they find it hard to demystify the hegemony of brand management, making them see the concept as something that is naturally difficult to understand. The structure allows the students to peek into what is going to be discussed in each chapter, topic and sub-topic. In addition to the storyline that runs through the chapter, a key question is presented at the beginning of each chapter. This key question highlights the theme of the chapter and how it relates to the Brand Story. Learning objectives of each chapter are also presented to show students what they are expected to understand at every point. The book also includes relevant case studies beyond international brands, showcasing diversity through small, local brands across a range of countries. Each chapter concludes with revision questions, keywords and key points.
4. The Sample—the book covers cutting-edge trends in brand management, such as brand ethics and branding in the digital era. We move beyond the idea of a corporate brand and offer a holistic understanding of branding as a concept. Activities and examples include charity brands and small- and medium-scale enterprises (SMSE). This understanding is essential because it is quite possible that students and other readers of this book may want to start their own businesses or charities and so ideas around corporate branding may not be applicable. This suggests the need to explore branding from different domains, not just limiting it to global brands.
5. The Student—this book is specifically targeted towards YOU. The focus here is not about presenting academic terms and theoretical insights which you may not grasp at this early stage. The book is aimed at helping you understand the essence of brand management as a concept and its relevance to every business. Brand management is comprehensive, with a lot of constructs, models and theories. You may end up studying brand management as a master's degree for 12 months, but before you start sprinting, let me support you to

walk. In this text, I will be communicating with you on a personal level as my student; we can both co-create this knowledge together. Though you may not have prior academic understanding of branding, I am here to support you.

Thank you for your attention and interest, a lot of effort has been put into this book, and I am sure you will find it worthwhile. Engage with the content and consider yourself as a brand as you explore and increase your knowledge. Always ask yourself: How am I managing my brand? Get involved with the story, answer the questions and let us walk along together.

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Writing a book can be a daunting and lonely experience, yet the help of numerous people along this solitary journey cannot be underestimated. Upon reflection in writing this acknowledgement, it is surprising to see how many people have contributed in one way or the other to making this a success.

Firstly, I am most grateful to the Almighty God, the giver of life, wisdom, knowledge and understanding. I acknowledge that God has given me the skills, strength and expertise needed to complete this book. It was never my doing. He surrounded me with people to make this work a success; I appreciate his grace, mercy and kindness throughout this process.

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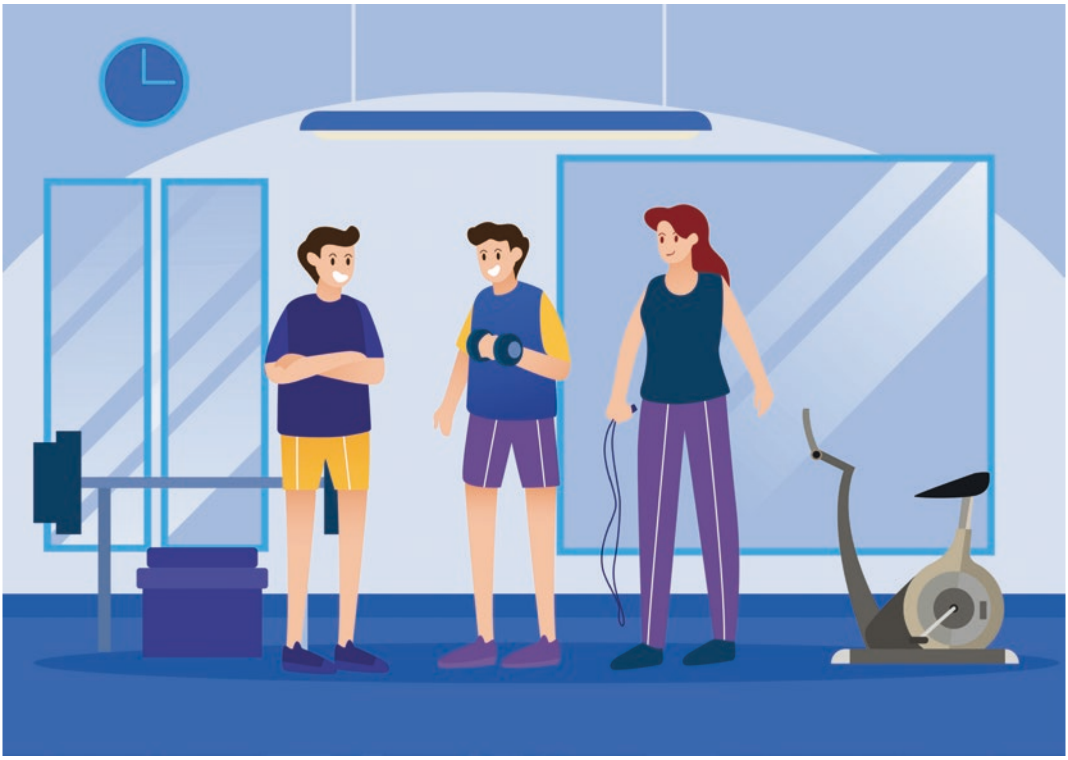

Three people, Alex, Code and Sam, join a local gym programme in the hope of improving their physical health and appearance. They have a schedule of guided exercises and activities. When they meet on the first day, they introduce themselves. They share pleasantries, and talk about their will to commit for the next 12 weeks. Alex has just finished postgraduate studies and is thinking of starting a charity organisation that provides educational support for children in developing countries. Code is an IT enthusiast running a small, fast-growing manufacturing company that provides consumer goods. The company is run together with friends from college. Sam, on the other hand, is a brand manager for a multinational consumer goods manufacturer. The headquarters is in South America; however, they have subsidiaries across the world. This story sets the pace for this book. As we follow Alex, Code and Sam we will see how different individuals engage with brands and brand management—either as a brand owner of a charity organisation (Alex), or as a brand owner and brand manager of a start-up (Code) or as an employed brand manager in a multinational (Sam). Though they all have different roles, in different organisations, they are all responsible for adding value to their brands through their brand management activities. Many of the concepts we discuss throughout this book will be applicable to all three.

Overview

Brand management is multifaceted, complicated and complex, but it is important to start with the basics. Brands exist in the subconscious of everyone who uses or experiences them: employees, investors, the media and, perhaps most importantly, users. In this chapter we will explore basic misconceptions about brands; brands and branding are not just in the minds of consumers, nor are they just products and they are more than logos. We will discuss the brand, branding and brand management concepts. These are terms that can be confusing and easily misconstrued. We will also look at key stakeholders in the brand management process: the brand owners, users, managers, influencers and valuers. Different branding ownership calls for a different branding approach. For example, a charity organisation hasbranding needs that differ from a global brand. We will conclude this chapter with what you can expect as a prospective brand manager, what you can do with the knowledge you acquire and the opportunities for career progression.

Key Question

What are brands, branding and brand management?

Learning Outcomes

At the conclusion of this chapter, you will be able to

- describe the features of digital media platforms;
- give examples of different misconceptions about brands;
- recognise the difference between brand, branding and brand management;
- recognise the difference between brand management, advertising and marketing;
- describe branding stakeholders; and
- explain why branding is important.

1.1 Introduction

As we go about our daily activities, we engage and interact with brands. We wake up with brands, we travel in brands, we attend lectures wearing brands, and we sleep on brands. The theme of brands is very common. Everyone refers to brands. If you ask 100 people their understanding of brands, you are likely to get 100 different answers. In academia, there have been many definitions provided for branding. Aaker (1991) defines brand as a "distinguishing name and/or symbol intended to identify the goods and services of one seller and to differentiate those goods and services from those of competitors." Keller (1993) describes branding as the creation of awareness, reputation and prominence while Keller and Lehmann (2006) define branding as the differentiation from other products and services designed to satisfy the same need. Kotler et al. (2020) further describe a brand as a name, term, symbol, or design, or a combination of them all, intended to signify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.

Likewise, in the business world, there are many definitions and descriptions of brands and branding. The American Marketing Association describes a brand as "a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers"; meanwhile, the Dictionary of Brand (Neumeier 2006) defines it as "a person's perception of a product, service, experience, or organisation." Also, in The Brand Gap, Neumeier (2006) describes a brand as "a person's gut feeling about a product, service, or organisation." Jeff Bezos, the owner of Amazon marketplace said, "Your brand is what other people say about you when you're not in the room."

As we can see from these various definitions, branding may mean different things to different people. These different interpretations made me consider the need to explore branding as a holistic subject by separating the different components into brand, branding and brand management. This ensures that we see brands beyond the way an entity, organisation or individual is perceived by those who experience or use that entity. A brand is more than simply a name, logo, term, symbol or design. A brand is also more than the recognisable feeling a product or business evokes or the total utility a user gains from using a product; the satisfaction a user derives from doing business with a company or individual which makes that user want to continue using same product. Brands not only live in the minds of users but exist as separate entities.

Irrespective of the way you define branding, it is the management process of brands that makes them stand out.

It is my pleasure to introduce you to brand management. Brand management is not like those subjects you studied in secondary school or college. Unlike maths, physics or chemistry, you may not have a theoretical background to build on; however, you can build upon your knowledge of media, marketing and advertising though you should be mindful not to confuse these concepts.

1.2 Brand, Branding and Brand Management

1.2.1 Brand

Anything can be considered a brand. It is important to recognise that. If I gave you a carrot I just uprooted from my garden, the carrot is a brand, and you have your own perception of the carrot. You see the orange colour, you think it is fresh, organic and it may taste different from other carrots. Like the carrot, a mobile phone is a brand and a car is a brand. In this case, the brand is a noun. It is something physically present—that can be recognised, touched and felt. Brands surround us. They have physical qualities, and they have personalities and culture. There is a form of association with them that may have been acquired through information (from the media) or engagement.

1.2.2 Branding

Branding, on the other hand, is a verb. It is a "doing" word—it describes an action taking place—branding. It is a process. Branding is a marketing practice in which a brand owner (not necessarily a company) takes responsibility for enhancing the experience of those they engage with. Remember the carrot I uprooted from my garden? Now imagine a carrot from the stores that has been well packaged with attractive branded packaging.

The carrot from my garden does not have a name because I have not decided to give my brand (the carrot) an identity of its own, and I have not provided attractive packaging, I have not created a social media page for it. Branding is the process whereby a brand owner decides to take action to signify the intention to build the brand and make it more valuable. It is a deliberate effort to make the brand users (consumers/clients) aware of the product and what a user stands to gain from using the product. This means that the brand owners are consciously making their products/services appealing to the brand users.

Therefore, to brand my carrot I can decide to package my carrot, give it a brand name and start selling in the market where I believe people will buy it. It is important to note that branding is more than just creating an identity such as a name, symbol or design that can be easily identifiable as belonging to the company, but also recognising that it is about an experience. When you first see the carrot, it is in my back garden, but the next time you see it, it has a package, well-designed identity and is being sold in a store.

The on hold music when you phone the store, the staff uniform and shop layout are all branding strategies. A beautiful logo is part of that experience, albeit just visual. Branding is the act of shaping how a company, organisation or individual is perceived. It is the process of making sure that the brands stand out, and there is a perceived value. Alina Wheeler, a branding expert, in her seminal book Designing Brand Identity (2003), describes branding as "a disciplined process used to build awareness and extend customer loyalty. It requires a mandate from the top and readiness to invest in the future. Branding is about seizing every opportunity to express why people should choose one brand over another. A desire to lead, outpace the competition, and give employees the best tools to reach customers are the reasons why companies leverage branding."

1.2.3 Brand Management

Brand management, on the other hand, is about managing the branding process. Brand management is multifaceted, complicated and complex. Brand management is a creative and conscious effort in branding, which makes brands acquire value and positive perception by the stakeholders. Brand management is a process which produces rewards over time. It's a long-term effort to make the brand stand out and attract and retain loyal users.

Brand management bridges the gap between brands (the noun, the physical thing) and branding (the verb, the process). It ensures value is added to the brand through a creative process. Branding does not just happen, there is a whole process and team behind brand management. Following the example of my branded carrot, (See ◘ Fig. 1.1) the process of coordinating the packaging design, sourcing a celebrity to endorse the brand and creating a website are brand management. I am managing my brand from just a carrot to a branded carrot that is endorsed by a social media influencer and available online and in store. Brand management is a hands-on task, which involves monitoring the brand regularly to understand how well it is doing compared to competitors and measuring and evaluating the brand's performance. Brand management identifies and establishes the brand position. It recognises where the brand is and where it wants to go. Brand management involves engaging with customers online or reacting to a negative tweet. It involves working with other marketing stakeholders to plan and implement the advertising campaign. Importantly, brand management ensures that the branding strategy grows and sustains the brand value (◘ Fig. 1.1).

Brand management, however, depends on branding. For example, a country is a brand (you have a perception of the United States). The leadership of a country may decide not to improve people's perception of their country or perhaps there are more pressing needs. To illustrate this, for countries like Syria

◘ **Fig. 1.1** The branded carrot into carrot juice. (*Source*: Author) where there has been a civil war for the last few years, with different groups trying to seize control of the country, branding and changing perception of their country may not be a pressing need. We recognise Syria as a brand, but there is no branding and brand management in place. This means Syria is not so particular about their image and the country leadership is not ready to make concerted efforts to endear other foreign countries to Syria, as it is not a priority for the time being. Hence, brand management is something that is consciously done by the brand to enhance positive image, change a certain perception or overhaul the brand users' total perception of the brand at a point in time. The key idea here is that brand management is done *consciously* by the brand to make the brand appeal to users and win over competitor brands' users.

Case Study 1.1: Brand Management of Rwanda

Rwanda, formerly Ruanda, officially the Republic of Rwanda, is a landlocked country in East Africa. It is one of the smallest countries on the continent. Rwanda has made a huge effort to change people's perception of the country in just over two decades following a devastating civil war. In 2000, the country launched Vision 2020—an ambitious plan to transform a broken nation into a middle-income country. That was a consciously creative branding initiative to reposition the brand of the country.

In 2018, the Rwanda Development Board, through their subsidiary, the Rwanda Convention Bureau, became the first official sleeve partner of English Premier League Arsenal Football Club as part of the country's drive to become a leading global tourist destination, using "Visit Rwanda" messaging. This association (with Arsenal) supports Rwanda's ambition to improve their county's brand value to build their tourism industry. The sleeve sponsoring deal over a 3-year period cost the country US$39 million.

Here we see a brand (the country, Rwanda) that has recognised the need for branding in order to make sure there is an awareness and positive perception of their country. It's important to note that this does not mean everything is going perfectly well, but measures are in place to manage the brand and continually integrate it.

Before the partnership was signed, 71% of the millions of Arsenal fans worldwide did not consider Rwanda a tourist destination. At the end of the first year of the partnership, half of them considered Rwanda a "destination to visit," said Belise Kariza, Head of RDB's tourism department. This shows that brand management helps a brand grow. It also endears a brand to users who might not ordinarily consider the brand in the first place.

Reflective Questions

- Some may argue why would Rwanda pay US$39 million to become an Arsenal partner when that money could have been spent on the people of Rwanda? Do you think the partnership with Arsenal makes commercial sense?
- What is the importance of country branding? What and how do you think the Rwandan government and people will benefit from this partnership?
- Why football? Why the Arsenal Football Club? Why a sleeve partnership? There are many sports out there, many football teams and they could even have had the name on the front of the shirt. What do you think may have influenced these decisions?

As illustrated in ◘ Fig. 1.2, the brand management process recognises the need to adopt branding measures to make a brand more valuable. Like the case of the carrot, it could be sold for $1 on the market but the branding effort and how well it has been managed has made the carrot more valuable in the form of a juice, bottled and sold in the supermarket.

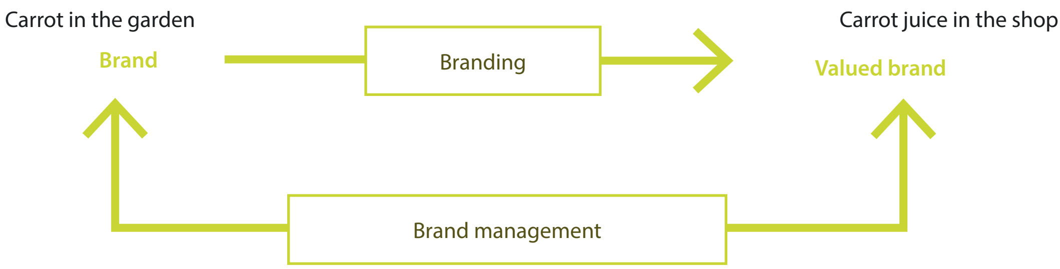

Fig. 1.2 The brand management process

This can also be applicable for countries, events, humans and may other brands. Brand management requires effort to move from just a brand to a valued brand.

1.3 Branding, Advertising and Marketing

These three terms can often be confused and used interchangeably. It is, however, important to know that there are differences even though they are closely related. Branding and advertising are an offshoot of marketing. Branding and advertising are closely related to the 4Ps of marketing (see Kotler et al. 2020). One of the 4Ps is promotion. Promotion involves creating awareness and advertising. This also aligns with branding. Brands can be integrated through advertising.

Big brands spend a huge amount of money on their advertising, which integrates their brands in consumers' minds and enhances their perception of the brands. Examples are the Christmas advertisements often released by UK upmarket retail stores such as John Lewis, the Coca-Cola Christmas Truck with Santa and the Super Bowl advertisements. Companies create these advertisements to gain more awareness of their brands as, for example, in the case of the Super Bowl, they are broadcast around the world. Advertising here is part of the marketing strategies to boost brand recognition, awareness and recall at point of purchase.

Likewise, there are advertising agencies and brand consulting agencies that work with organisations to create engaging integrated marketing communication, develop marketing campaigns and create agile brands. These roles may often overlap; while some advertising agencies like MullenLowe, VMLY&R and Grey can do branding activities, there are standalone branding agencies like Landor, Pentagram and Lippincott.

1.4 (Mis)Conceptions About Brands and Branding

Brand management is a very complex and multifaceted topic to discuss because of the various conceptions about what it stands for and what it entails. As earlier indicated, there is a difference, though they are related, between the terms brand, branding and brand management. This section aims to shed more light on some of these conceptions as we move towards a better understanding of what branding is all about. However, before we go further, it is necessary to be aware of some of the misconceptions about brands and branding.

1.4.1 Not Just in the Mind

There is a school of thought that suggests that a brand is not physical, but something that exists only in the minds of brand users. These scholars consider branding to be an abstract concept that can only be felt and experienced by the consumers (Keller 1998).

Keller (1998) describes a brand as a set of mental associations, held by the consumers, which add to the perceived value of a product or services. However, the brand can be both tangible (mobile phones) and intangible (Olympics). The brand can be felt and engaged with. The kind of conception of what a brand is, that is, a concept that only exists in the mind, is better described as brand perception. This is just one aspect of branding. To further reiterate this idea, you may want to consider a brand as a person. What are they like? What comes to mind when you see them? What have you heard about them that will influence how you engage with them when you finally meet? This perception is a construct of those who have engaged with the brand. It is however up to the brand to take responsibilities and present opportunities for engagement which could enhance the perception because this construct is malleable. Branding (as a conscious process) has the power to shape our perceptions; our perceptions can be changed, modified and enhanced. With the right brand integration strategy, you may end up liking a brand you never thought you would and likewise with a bad brand management initiative, a beloved and cherished brand may become hated and lose their loyal customers.

1.4.2 Not Just a Product

Some scholars believe that a brand is a product that can be felt—for example, mobile phones, shoes and cars are brands. It is important to note that while this is correct, there is more to the brand than just its physical aspect. The brand goes beyond just a product that can be held by a brand user. It sometimes comes in the form of services that are experienced by brand users. Services providers are also brands that can be experienced. Users have perceptions of banks, barber shops and bakers; these are service providers that consumers engage with, and they construct a perception based on their experiences. Stores, events, organisations, humans are all brands. A brand is not just limited to the product. The brand owner will often take responsibility to build a brand that is different and unique.

1.4.3 Not Just a Logo

There is a conception that the brand is an identity or logo. Riezebos (2003) notes that a brand is "every sign that is capable of distinguishing the goods or services of a company and that can have a certain meaning for consumers both in material and immaterial terms" (p. 63). The American Marketing Association (AMA 2020) also considers a brand as "a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors." While it is an important element of a brand, a logo is not a brand. Instead, it is a visual identity of a brand. For example, due to enormous brand integration, over time consumers began to associate the green colour and the symmetrical siren as the identity of Starbucks. That green mythological creature is not a real person, but the company considers her as the biggest symbol of their brand (Flandreau 2016). However, it is not their brand. A brand is also not a name. A brand is not a trademark or slogan.

1.5 Stakeholders

Previously, brand management was considered to be the sole responsibility of brand managers, however nowadays brands, branding and brand management are dynamic business functions which require synergies among various stakeholders (Merz et al. 2009). In this section we highlight different stakeholders who are involved with the brand management process and recognise their roles in shaping the brand meanings and values, identity and reputation (Vallaster and Von Wallpach 2013).

1.5.1 Brand Owner

The brand owner is the entity or person that has the legal and official possession of a brand. This can be an organisation, country, individual, rights owners or groups that officially take ownership of a brand. For instance, Apple (as a company) owns the iPhone brand, FIFA owns the Word Cup Brand and UEFA owns the Champions League. The UK government, through its designated department, is responsible for the UK brand, especially with the impact of Brexit. Brand owners are responsible for the strategic direction of the brand, depending on the size of the organisation, they may consult brand managers. The brand owners could be the CEO or Chairman of the company, responsible to the shareholders, or they could be the founder of the charity. Likewise, the founder of a start-up company can also be said to be the brand owner. The responsibility to not only sustain the brand but also make it commercially viable lies with the brand owner.

1.5.2 Brand Users

Brand users are the people who use the product(s)/service(s) of a company. These are the consumers who have decided to use the brand or subscribe to the services of a brand instead of another. The brand users may remain loyal to the brand and even invite others through positive word of mouth, which could be described as the positive reviews of users. These brand users have a set of expectations from the brand, and the brand owners need these users in order to remain commercially viable. In essence, these brand users can shape the success of a brand. Therefore, it is important that brand owners always fulfil the brand users' expectations. With social media and feedback channels at their disposal, the brand users have more opportunity to engage with the brand, to demand more and make them act. Brand users can decide to do away with a brand that does not align with their values and switch their loyalty to another brand that meets their needs and expectations. Therefore, for an effective brand management strategy, it is important to research and engage with these stakeholders to understand their behaviour and how best to meet their needs continually. Brand managers must recognise that their customers are being lured by offers from other brands (there is fierce competition). They must recognise that there are communities where they can engage brand users—the brand evangelist/ambassador plays a very important role here. Furthermore, brand managers should recognise the unique features of each segment (customer behaviour).

1.5.3 Brand Manager

Brand managers are responsible for managing the branding process of the brand. They can come in different forms. It is their role to ensure the positive image of a brand. To sustain a brand, it is essential that the brand managers package and continually manage a brand in a way that it will continue to appeal to brand users.

1.5.3.1 Brand Owner, Brand Manager

This is when the brand owner is also a brand manager. This is often possible for small and medium enterprises where the founder or business owner is responsible for the day-to-day management of the brand. The founder owns the business and takes responsibility for the sustainability of the brand. The founder may be the one who develops the idea, designs the logo, chooses a brand colour and manages the brand social media accounts.

1.5.3.2 Employed Brand Manager

This applies mostly to more established brands that can employ an individual or a team to manage them. Widely recognised brands fall into this category as they have the wherewithal to employ professional brand managers. It is even wise for such brands to have an employed brand manager(s) within their staff as that will help the brands extend their reach and gain more brand users. The employed brand manager reports to the brand owner or marketing director (depending on the hierarchy of the company). These managers are employed by the brand owners to manage the brands and engage with the brand users (clients/customers). There may be many brand managers working on the same brand depending on the size of the company. These managers may also change roles within the organisation. They can switch from managing confectionary brands to managing food brands or they can change companies and be employed by another brand owner.

1.5.3.3 Brand Management Consultants

These are agencies and consulting firms that assist brand owners and employed brand managers in their branding process. Global brands often hire brand management consultants. This can be on a retainer basis or to work on a project. They are also able to engage with the stakeholders, especially through research and data analytics. Brand management consultants often have resources that in-house employed brand managers may not have. They are involved in developing and integrating the strategic directions of the brand. Often for the big global brands, they are responsible for designing brand identities. For example:

- Interbrand is a renowned yet world-leading brand consultancy and for over 40 years they have been a part of The Brand Consulting Group of Omnicom Group Inc.
- Pentagram, another renowned brand management consultant, is the world's largest independently owned brand design studio. They redesigned Warner Bros iconic WB Shield.
- Landor, a global leader in brand consulting and design, is part of WPP plc. Landor is also a creative transformation company. They created new graphic elements for British Airways and The British Petroleum Company plc (BP's plc) visual identity.
- Founded in 1943, Lippincott is a creative consultancy specialising in brand and innovation. They created the iconic blue oval logo of Samsung, created the name "Sprite" for the lemon-lime soft drink and created the name "Duracell" to highlight the battery's long life.

While a brand owner or brand manager may decide to choose a name for the company, brand management consultants can also take such responsibility for a big brand. Brand management consultants should not be confused with advertising agencies. Though there are many agencies that can do both advertising and branding, it is important to recognise that they are two different marketing concepts that require a different level of expertise.

1.5.4 Brand Influencers

Brand influencers are people who have attained celebrity status in society. They command huge followers on social media and in real life. Therefore, they can always help to influence the acceptance of a brand and eventually, its sales. They are mostly drawn from different fields, such as art, entertainment, literature, sport, fashion and so on. It is important to recognise the contribution of these stakeholders. Taking into consideration the role of social media and how consumers and brands have taken on board this idea, brands recognise that these influencers have the power to make or break brands. For example, mattress-maker Casper recognises social media influencers as a stock market listing risk factor as the brand may not have the ability to control future messaging by such influencers, and this may materially and adversely affect their reputation (Aliaj 2020). Online fashion brand, Revolve, which raised $212 million in an IPO giving it a $1.3 billion valuation in 2019, also listed its influencer marketing strategy as a risk in its offering documents. Brand users usually believe a brand is as good as its brand influencer. Therefore, when a brand influencer does something unpopular, the brand users may withdraw their support and loyalty from the brand that the brand influencer (celebrity) represents.

While brand influencers can add value to the brand through their association, they can also damage the brand's reputation. On a positive note, in 2018, Nike made Colin Kaepernick the face of its latest ad campaign, and this pushed Nike's market value up to $6 billion, to an all-time high (Reints 2018). The brand association between Nike and Colin Kaepernick was beneficial to both parties.

1.5.5 Brand Valuers

Brand valuers are companies or individuals responsible for estimating and calculating the financial worth of a company. They also do consider the future worth of a brand based on some factors that could dictate the market. These brand valuers are external stakeholders that measure and evaluate the values of the brand. This valuation is often done yearly. The brand owns these values, and likewise, it serves as a benchmark for brand managers to see how well their brand is doing, compared to others. Brands values can increase and decrease, and these brands can move up and down the value table. Technology brands, however, still dominate the top of the value table; they are considered some of the most valued brands by all the valuers. There are many of these valuers, but the following are three key ones.

Forbes presents the World's Most Valuable Brands, but these brands are required to have a presence in the US, which knocks out some big brands like China's Alibaba and Tencent. Forbes values the brands on 3 years of revenue and earnings before interest and taxes. This information is gathered from company reports, Wall Street research and industry experts. Forbes applies the average price-to-earnings multiple over the past 3 years to these earnings to arrive at the final brand value (Badenhausen 2018).

While Forbes requires brands to have more than a token presence in the US, eliminating some big multinational brands, Interbrand does not require this. Interbrand pioneered brand valuation in 1988 with their Best Global Brands. Their valuation methodology involves three key components: an analysis of the financial performance of the branded products or services; of the role the brand plays in purchase decisions, and of the brand's competitive strength (Interbrand 2020).

SuperBrands provides an insight into some of Britain's strongest brands, recognising the achievements of some of the nation's leading brands, showcasing why they are well-regarded and providing valuable insights into each brand's strategy and proposition (Superbrands 2020).

1.6 Brand Ownership

Brand ownership is a concept that centres on responsibility for creating, developing and sustaining a brand. It basically identifies the individual or organisation that own a brand. EleVen is a lifestyle brand founded and owned by Venus Williams. Victoria Beckham brand is owned by Victoria Beckham while Kanye West owns the footwear and apparel brand Yeezy. These are individuals who own their brand. They might have sold shares to different individuals and companies, but they are well recognised as the brand owner. Brand ownership could also be in form of a company or shareholders, for example, Petrobras (Petróleo Brasileiro S/A) in Brazil or Tata Group in India. Fédération Internationale de Football Association (FIFA) also own many event brands which includes the FIFA World Cup Qatar 2022™, FIFA Women's World Cup Australia and New Zealand 2023™ and FIFA Futsal World Cup Lithuania 2021™. *You* are a brand owner as well. You are responsible for your human brand. The ownership of brands goes beyond big, global organisations. It encompasses individuals, charity organisations and small businesses as well.

Often, book, lectures and teachings on brand management focus on the big global brands without recognising the unique challenges of the brand owners of many other businesses. While studying the big global brands can help to offer an in-depth and detailed understanding with available case studies and data to understand how branding works, other forms of brand owners should be considered as they have their unique features, business struggles and challenges. Importantly, you may want to start your own business (as a small enterprise) or decide to work for a charity organisation. Understanding branding implications from a different point of view is important.

Brand ownership can be in various forms, but for the sake of simplicity, we will examine four different groups in this book. Through these groups we aim to give you a better grasp of the concepts.

1.6.1 Charity and Non-profit Organisations

Going back to the Brand Story that featured at the beginning of this chapter, you may remember that Alex wants to start a charity. Alex has the passion, they have made an effort to start a charity brand but it is important to understand the financial challenges in building a brand, especially for charity brand owners that may not have much money to spend on marketing and branding strategies. How much would they have to budget for designing a logo, creating a website, producing souvenirs or creating and placing advertisements in the media? They need to build loyalty and differentiate themselves to attract donations. They have their struggles because they rely on funds from people. These financial limitations, however, should not stop the brand owner making a little effort at a time to add value to the organisation. They might not have the resources to employ the services of a brand consultant or compete with a global brand, and they may need to look for alternative creative approaches in managing their brands. As a prospective brand manager for a charity organisation, you will need to think about working with a small budget to build and sustain your brand.

1.6.2 Small- and Medium-Scale Enterprises (SMSE)

Unlike charity organisations, these brands set out to make a profit but they have their limitations in terms of their brand management strategies. While they may not be making a profit, they must position their brand as a successful and valuable brand to attract prospective customers and investors. Your typical start up agency or friend's small business falls into this category. The brand owner is the founder and is likely to be the brand manager. In the Brand Story, Code is a co-founder but also responsible as the brand manager, working on the brand management processes to ensure their brand increases in value. These SMSE brand managers can be creative and make fast decisions about their branding strategies. They can be very flexible in making changes and open to opportunities. Their customers may be locally based, and this can influence their advertising and brand integration strategy, it can determine their purpose and mission and even the type of influencer they may want to work with.

1.6.3 Global Brands

These are the established brands. They are the likes of P&G, Coca-Cola, Apple and Google. These companies have the resources to create awareness about the brand internationally, sponsor global sporting events and have their brand name on the shirts of football teams around the world. These global brands can hire branding agencies to redesign their logo, they have the in-house team to manage global social media accounts and engage with customers around the world. However, they also face challenges in terms of the decision-making process, and the scale and schedule of work. Brand managers for global brands know they are responsible for huge financial and human resources. For example, in the Brand Story, consider the role of Sam, who is responsible for managing a multinational consumer goods brand in the United Kingdom, with headquarters in South America. There are some decisions that Sam cannot make without consulting with different stakeholders within the organisation unlike Code who is a co-founder and can make instant and fast decisions.

It can be a very time-consuming process to work with global brands, as there are a lot of stakeholders involved. Take the example of Lay's, with some 25 different flavours in the mix, it took 2 years to redesign all the packaging (Klara 2019). Also, these global brands are more prone to social media outbursts and going viral. These brands are more likely to pull an advertisement if people find it to be offensive. These global brands operate in different countries, sometimes under different names. One example is Lay's Crips in the United States, which is called Walkers in the United Kingdom; there is also Axe deodorant in the United States which is Lynx in Australia, while Burger King is called Hungry Jack's in Australia. This is a different challenge for the management of a global brand.

1.6.4 Human Brands

Did you know humans are brands? It's true, but it is a pity that not all humans have taken responsibility for developing their brands. Just as I did with the carrots in my back garden, it is necessary for every man and woman to turn their personality into a brand that is distinct and unique from others. My branding efforts turned the carrots from the ground into Emmanuel's Carrot Juice being sold in shops. Professional tennis players, football players and musicians have recognised themselves as brands and taken the initiative to develop an identity they can commercialise. Novak Djokovic's, Venus Williams' and Roger Federer's logo are formed by their initials while Rafael Nadal's logo is rather a stylised version of a bull. Cristiano Ronaldo has formed a brand out of his usual goal celebration, where he performs an air pirouette before exclaiming "si!" Also, remember it is not just about sports players; TV presenters also have brands. Look at the moustache and bald head of Steve Harvey. The David Rubenstein Show logo also has a pair of glasses because the presenter (David Rubenstein) wears glasses.

Case Study 1.2: Jay-Jay Okocha

Jay-Jay Okocha is a Nigerian former professional footballer who played as an attacking midfielder. He played in several professional clubs around the world, including Eintracht Frankfurt in Germany, Fenerbahçe in Turkey, Paris Saint-Germain in France, Bolton Wanderers and Hull City in England. While at Eintracht Frankfurt in 1993, he scored a wonderful goal against Karlsruher SC, dribbling many players in the penalty box. The goal was voted Goal of the Season by many football magazines and voted as 1993 Goal of the Year by sport viewers in Germany. Okocha, though now retired, has earned many endorsement deals, including being the ambassador for the sports betting platform BetKing.

Okocha is a human brand that is well loved by players and supporters, however, a search as of August 2020 revealed he does not have a website or logo or any indication of an effort to brand himself. Many professional athletes and sports personalities have made efforts to build their brand; they have a logo, have created websites and have a managed and well-curated social media account. However, this requires a conscious effort; it requires understanding you are a brand and making an effort to develop it, manage it and importantly integrate it.

Olalekan Akinyele, a creative director and brand enthusiast, designed a brand identity for Jay-Jay Okocha (◘ Fig. 1.3). The design was completed in 2016 and it reflects the double J of Jay-Jay and the number 10, which was Okocha's shirt number. This design is a brand identity that could have been integrated on different merchandise and further ensured the commercial viability of the player. This design however has not been adopted by Jay-Jay.

Reflective Questions

- Why do you think a professional player like Jay-Jay may not have considered building and managing his brands?
- How best do you think a sports personality like Jay-Jay can create and manage their brand?
- Do you think female sports personalities have additional challenges in building their brands?
- What would you expect in the brand identity of a sports personality?

Fig. 1.3 Proposed logo created for Jay-Jay Okocha. (Images provided and used with permission from Olalekan Akinyele)

1.7 Why Is Branding Important?

In this section we will consider the importance of brand management from different perspectives. Stakeholders have their reasons for taking an interest in brands. This section specifically focuses on brand owners, users and managers.

1.7.1 Brand Owners

1.7.1.1 Valuable Assets

Well-managed brands are very valuable. They become great assets for the owners. This can also translate as physical wealth for the owners. Branding adds value to a brand, and the more effort is put into brand management, the greater the value. Like illustrated earlier with my carrots, there is a difference between chips you made from the potatoes in your garden and Walkers Crisps. The branding process has increased the value of a typical potato into something people pay to eat. Branding adds value to an asset, and it makes an ordinary brand become more valuable, meaning that people want to associate with it. This increased value gives the company more leverage in the industry; it makes capital investors invest in the start-up and makes people want to donate to the charity.

A brand's value can change over time. For example, Tesla, the electric vehicle pioneer, incorporated in July 2003, lost $2 billion (£1.5 billion) in market value overnight in 2018 when chief executive, Elon Musk, refused to answer analysts' questions and instead chose to speak to a YouTube channel after releasing first-quarter results (Morrison 2018). In November 2019, Tesla's share price dropped by 6% after the disastrous Cybertruck unveiling, pushing Musk's net worth down by $768 million in a single day, to $23.6 billion (Cuccinello 2019). However, in January 2020, Tesla became the most valuable car company ever in the US.

1.7.1.2 Command Higher Prices

Everyone might say they have a mobile phone which can make and receive calls, but some people will not mind paying over a thousand pounds to buy the latest iPhone. A well-developed yet established brand has the capabilities of commanding higher prices. At this stage, consumers are not just buying a product, they are buying the brand. They are willing to pay a premium price for what they consider special, superior or more luxurious. This, therefore, guarantees profitability for the brand owners and other stakeholders. Companies that invest in building their brand reap the rewards of the investment from the higher price they can charge their customers. Back to my example of a carrot in my garden, I may give you the carrot for free but upon packaging and influencer endorsement on social media, I can charge a premium price for my organic carrot.

1.7.1.3 Differentiates from Competitors

Branding is important for identification and distinguishing the brand from competitors. The shop layout of Apple Store is different from the layout of Microsoft. These differences are the result of conscious efforts made by the brand owners. Hence, the brand manages offer the brand user something different and unique. It makes the consumers recognise the brand easily, leaves a memorable impression and builds loyalty. Branding gives the company more recognition, and they become known to the consumers. In addition, it offers legal protection of products' unique traits/features and inhibits other brands using a known identity of another. A strong brand is also important for a competitive advantage. The creative effort to be different can also create trust within the marketplace. The consumer recognises the brand identities, and if they see something different from the usual professional appearance, they are very mindful.

1.7.1.4 More Patronage

Strong brands can attract more patronage based on the positive impression they have created for their existing customers. The customers share these experiences and patronage increases. Here word of mouth, especially electronically on social media, becomes important. Bang Bang, a New York-based tattoo artist, tells his stories of linking the world's biggest sports stars and celebrities. The celebrities tell each other who did their tattoo and bring in more business for the artist. If the brand were not well valued, the celebrities would not want to do this introduction. People love to tell others about the brands they like. Strong brands come with a positive impression and perception of the company amongst consumers; the consumer sees a brand they can trust and recommend to others. You should also understand that what you offer must include outstanding service, which will draw more brand users to your brand. It is part of the brand management process to give the best service possible to brand users at all times.

1.7.1.5 Positive Association

While strong brands may command more patronage, which offers an immediate financial reward, it can also bring about a positive association. Stakeholders recognise how valuable the brand has become, and they want to associate with it. More so, the brand is well received when ideas of partnership, co-creation and collaboration are brought forward. Prospective job seekers will want to work for the company, and present staff feel positive about being associated with the company, they will be more satisfied with their job and be proud of the work they do. Influencers will want to work with them. This is also the case for charity organisations, for example, BBC Children in Need (with their first-ever children's BBC radio appeal as far back as 1927) is a valued brand in the United Kingdom, and it is not surprising to see may companies partnering with them.

1.7.1.6 Drives Innovation and Creativity

Branding drives innovation and creativity as brands want to stay ahead of the competition, to offer something unique and leverage innovation to make things better. Branding may make brands extend their products line or extend into a different sector, area or country. The iPhone innovative design changed the smartphone industry when it was released back in June 2007, and it became the first hugely successful mass-market mobile to be operated completely by a touch screen without a stylus. Brands which invest in their brand-building strategy can take advantage of the positive perception the consumers have of them, and be more creative, innovative and willing to develop new products. Even though they might not always be successful, like in the case of Google+ which was shut down, there should always be the drive for more innovation.

1.7.2 Brand Users

There are also many benefits for brand users who engage with more developed brands. This also highlights the challenges of growing brands to compete with more of the established brands. Brand users are the entities that make the brand exist. Without this set of individuals, brands cannot advance or exist for a long period. This is because with their products and services, brands fill a void in users' lives. When there is no brand user, there will not be any void to fill and, eventually, there will be no brand. Therefore, it is important to understand that the continuous existence of a brand solely depends on the brand users who must be satisfied at all times.

1.7.2.1 Making Choices

When brands strive over many years to create and manage their brands, they can become very well recognised by the customers. This helps people to feel more at ease purchasing the product or engaging with the brand. Consumers can evaluate two identical products and decide based on their packaging, the way they are branded. Branding is important for simplifying decision making and reducing risk.

Someone who wants to donate to a charity may be more interested in donating to reputable and renowned global charities instead of one that is not very well known in their city. Brand users can identify and remember this brand because of the numerous advertisements they have seen. The ease of choosing is also further enhanced by the brand's identity. That is why, to avoid confusion, a brand will not allow another brand to use its identity. Everyone knows red is Coca-Cola, and blue is for Pepsi. This colour difference is a branding strategy to make sure consumers can immediately recognise what they want, and pay for it without spending their time looking at various choices.

1.7.2.2 Meeting Expectations

From engaging with the brands, consumers are aware of the level of services, and consumers learn through experience with the brand. They have an expectation, and they are always pleased when these expectations are exceeded and angry when their expectations are not met by the brand. They have the possibility to share their negative experiences on social media when their expectations are not duly met. So branding is not just about the logo and design of the website, brands need to recognise that customers know exactly what to expect each time they encounter the brand. It is, therefore, important to make sure that every staff member at every touchpoint is aware of these expectations and does their best to exceed them. This will build credibility and trust. Satisfied brand users will share positive word of mouth and refer others to the brand.

1.7.2.3 Making a Statement

Consumers also associate with the brand and use the brand to make a statement: for example, "I am a high achiever" and that is why I use Rolls Royce and Rolex; "I cherish my children's education"—I send them to universities abroad; "I care about the environment"—I drive Toyota Prius and drink Fairtrade Coffee. Consumers align with these brands that share their values, and they will not mind sharing this information with their friends and those within their network. Consumers buy products to construct and express themselves, to identify and connect with many other people using that same product. This aligns with the idea of people buying a luxury product to make a statement about their status. It is not surprising as well to see some people buy the counterfeit luxury product because even though they can't afford the original product, they would love to associate with the brand that produces that luxury product and having a replica of the original product/brand makes them feel and look important in society. The brands give such individuals a sense of fulfilment.

1.7.3 Brand Managers

Branding as a marketing prospect is important for individuals who either work with the brand as consultants or agencies, or who work with the brand as employees or owners. The success of the brand will also determine the success of their career. Brands that no longer exist, like Kodak and Blackberry, once had brand managers and agencies working for them, but because of ineffective brand management, their career was also impacted.

1.7.3.1 Sustaining the Business

Specifically, for brand owners, brand managers and employed brand managers who are working with the brands, their brand management strategy must be well under control in other to sustain the businesses they own and work with. While the owner (of a start-up company) might solely be responsible for managing the brand, brand managers of a bigger company might not be as invested because they can change job, but they nevertheless also need to know that their business is at stake if they do not remain innovative, creative and engage with changing consumer behaviour.

1.7.3.2 Sustaining the Account

Brand management consultants need to recognise the importance of branding in order to sustain their account. They need to make sure brand owners see value in what they have to offer. Agencies need to be aware of the brand needs and how best to make sure they remain viable and vibrant in their market. In sustaining the business, they may also see possibilities to bring in a new account that may not have considered the need for a branding agency. These are all efforts towards sustaining their account through the value of services they have provided to their established clients or aim to provide to a prospective client.

The importance of branding cannot be overemphasised. Branding adds value. It increases the equity of a brand. The brand owners, irrespective of their size, will want their brand to grow and expand, and they need users to buy into their purpose and value. Brand managers need to be on board to make sure there is alignment.

Case Study 1.3: Brunei

Brunei is a country located on the north coast of the island of Borneo in Southeast Asia. In April 2019, the country planned to introduce harsh punishment for those convicted of gay sex. Considering that there is growing global support for equal opportunity for gay couples, there was a huge backlash against the country (Brunei) and many of their brands. Celebrities such as George Clooney asked people to boycott the Dorchester Collection, a chain of hotels owned by the Sultan of the country. Companies like JP Morgan also told their staff to avoid Brunei-owned hotels in the wake of the new laws. You can read more on Twitter as many people voiced their concerns. Likewise, there was a call for travellers to boycott Royal Brunei Airlines. After just 1 month, Brunei backtracked on enforcing the law. This highlights how brand users (those who use the hotels and airline) can transfer their negative experience into boycott, which can affect the brand. One in five UK consumers boycott brands. This highlights that brand users expect a lot from their brand and if the brand is not doing what is right, the users might walk away. This can present huge financial implications for the brand and importantly the brand reputation may be damaged.

Reflect on this. There is the country (Brunei), the Sultan (leader of the country—

Hassanal Bolkiah) and the brands of the country (Dorchester Collection and Royal Brunei Airlines). Many people were angry about the laws made by the country's leader but this had repercussions for the country's brands. This demonstrates that the actions of the stakeholders can have a positive or negative effect on brands. Spare a thought for the Royal Brunei Airline brand manager who needed to manage their brand in the wake of the backlash. The manager had no control over the laws in Brunei, the manager might not have even been a citizen of Brunei, yet it was paramount to position the brand in a positive light so they could compete with British Airways (UK) or Etihad (UAE).

Reflective Questions

- Can you explain the relationship between the country as a brand (Brunei), the Sultan as a brand (leader of the country—Hassanal Bolkiah) and the Dorchester Collection and Royal Brunei Airlines (brands owned/associated with the Sultan's leadership)?
- How do you think the boycott may have affected the Dorchester Collection and Royal Brunei Airlines?
- Would you boycott a brand because of the action of the brand owner?

1.8 Prospective Brand Manager

While you may be studying different modules and courses as part of your university degree, it is important to consider the future career prospects attached to this theoretical knowledge and understanding. You might ask yourself, what am I going to do with this knowledge?

Well, what are your prospects as a brand manager? You could run your own business, work with a friend or family to help them with the brand or find employment within a company or agency. You need to be aware of some key points as you consider your future. Here are some insights for you to have an overview of some of the opportunities before you delve further into the book.

1.8.1 Career

A career as a brand manager is worth pursuing, you get to work on brands, see them grow and engage with different stakeholders. You can easily see the rewards of your hard work. However, you need to be open-minded, eager to learn and be proactive. You need to recognise that knowledge is important. Either as a freelance brand consultant or working with a firm or company as assistant brand manager (most likely to be the point of entry), knowledge and practical demonstration of skills are necessary.

1.8.2 Creativity

This is doing things in an unusual way to achieve outstanding results. Creativity can be in the form of managing the meagre resources of a company to achieve the intended goals and objectives for the brand at a point in time. The brand manager needs the ability to think beyond the usual and find a way to engage with innovative ideas to develop the brands. This is important for sustaining the brand you are working for and your career progression!

1.8.3 Critical Evaluation

This is an important skill for a prospective brand manager. You need to develop your skills in critically analysing branding situations, identify what the problem is and be able to address it. Decision-making is also important, to recognise who to work with and when to work with them.

1

1.8.4 Communication

This is critical, especially as you will be working with different stakeholders. Team communication and interpersonal relationship skills are needed for a prospective brand manager. You should be able to work with different people and get your points across, either verbally or orally. You can develop these skills by working in groups and engaging in-class tutorials and live briefings. As a brand manager, you must communicate the goals of the brand to the staff and ensure they follow them. You must also be open to feedback and clear the air whenever there are misunderstandings.

1.8.5 Consumer Behaviour

Prospective brand managers must recognise that consumer behaviour is changing, and they need to identify how best to engage with these customers. Branding strategies may no longer work for some groups of the market. Consumers are getting more demanding of their brands; brand managers must recognise these changes and strategise to meet the brand users'/customers' demands. You need to develop research and data analysis skills to understand these changing behaviours.

▶ Student Activities

1. Name some brands you know. What are your perceptions of these brands?
2. How would you describe the difference between brand, branding and brand management?
3. Would you consider yourself as a brand? If so, describe yourself as a brand.
4. What is the importance of branding for a human brand?
5. How can brands drive innovation and creativity as part of their branding strategies? ◀

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Ethical Branding

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When we last saw Alex, Code and Sam, they had just joined a gym. A week later, the friends meet up. Alex shares the progress of their charity project with the other friends, telling them how ethical and considerate ways to raise money are an essential part of it, as well as how to spend the money prudently. Alex wants the charity to exude integrity, to be mindful and of a good character, earning the trust of donors. Code shares these interests as well, highlighting a different challenge with the suppliers for the manufacturing business. In their business they have decided to use reputable suppliers who do not use child labour and who take care of their staff and the environment, as opposed to cheaper, unethical alternatives. Sam gives them the multinational perspective. That is, that it might be difficult for a bigger brand to monitor ethical practices. Acknowledging that many businesses consider ethical practices important, as a brand manager, Sam is working on making sustainability an integral part of the business. Alex agrees with the others. Although their funds might be limited, they will only work with ethical brands. They all agree that the higher financial cost is compensated by the good they do in return. Ethical challenges and ethical engagement will be the focus of this chapter. For a charity, an ethical dilemma could be whether to accept a donation from an individual or not. Alex may be starting out as a charity and in need of money, but to what extent will they go to get the money? Alex has some personal principles which may be a guide in making decisions, but that is not a guarantee that they will be the right decisions. Businesses want to make profit and this desire will make Code consider some actions, such as, should they save the environment through sustainable packaging, even though it may be expensive? How about Sam: What is her company's stance on corporate social responsibility? Irrespective of your brand, there are ethical dilemmas that need to be considered and decisions that need to be made.

2

Overview

Doing business the right way is important but often the question is: What is right? Ethics is not something that should be left and just considered as an afterthought. Ethical actions should be integral, inherent and intentional. It should be fully integrated into the activities of the brand. This chapter will focus more on business ethics, which cover ethical branding, and less on consumption ethics, which explain how consumers engage with products based on their ethical values. This chapter further explores what ethical branding is and what are the ethics of brands, and some misconceptions will also be addressed. We will look at the key considerations of ethical branding and see how the importance brands place on being ethical in their activities is a justification for doing what is right, even though it might be expensive. This then leads to the exploration of the challenges brands may face as they aspire to be more ethical. Importantly, this chapter will consider how to go about ethical branding, recognising that it is a long-term strategy.

Key Question

What is the economic, social and environmental impact of a brand?

Learning Outcomes

At the conclusion of this chapter, you will be able to

- describe ethical branding and ethical brands;
- give examples of different misconceptions about ethical branding;
- recognise the different considerations for ethical branding;
- describe the prospects and challenges of ethical branding; and
- explain how to go about ethical branding.

2.1 Introduction

Increasing socio-cultural expectations, the integration of social media in brand engagement and advocacy and consumers' changing behaviour have given rise to more questions about the role of ethics in an organisation. There is the continued growth of consumption ethics and consumers' ethical concerns (Carrington et al. 2020; Newholm et al. 2015). While brands exist in society, they have their business goals and aligning both sets of values results in "changing views of the 'proper' places for economic and social value creation" (Wilson and Post 2013, 718). Frankenberger et al. (2014) recognise a shift from the usual business model for brands towards more open business models that consider multiple stakeholder concerns around the environment, sustainability and consumption.

These ethical considerations reflect various expressions, concerns and issues across individuals, groups and socio-spatial contexts (Caruana et al. 2016; Chatzidakis et al. 2012). They pose questions around business ethics, raising concerns about what companies are doing and how they are doing it. From a brand management perspective, there are questions about the role of ethics in branding and ethical brands as businesses seek to appeal to or avoid the gaze of the ethical consumer (Carrington et al. 2020).

As brand managers, it is essential to have a holistic view of the activities of the brand and explore how ethical the practice has become (Mogaji et al. 2020). This is a contemporary issue in brand management that needs to be recognised and dealt with. Managers must begin to take responsibility for how ethical their brand is. This is not just limited to the more established and global brands, but even encompasses human brands; people need to take responsibility for their behaviour.

Ethics need to be a priority. Ethical actions need to be integral, intentional and fully integrated into the activities of the brand. It's such an important topic it should be no surprise that we are discussing this immediately after the *Introduction to Brand Management*. Before going into detail about branding, it is essential to put ethics at the foundation of our knowledge about branding and activities around branding.

2.2 What Is Ethical Branding?

As I have described branding as a process, a conscious effort to make a brand, to build reputation, stand out from competitors and be recognised, ethical branding takes branding to a different level. In the Cambridge Dictionary, ethic is defined as "a system of accepted beliefs that control behaviour, especially such a system based on morals." Ethics deal with what is moral, deciding on what is good and bad. Ethics are a guiding philosophy on how to do things, recognised within a group.

It's difficult to present a universal agreement on what ethical branding is. Fan (2005) considered ethical branding as a subset of ethical marketing, which relates to certain moral principles that define right and wrong behaviour in branding decisions.

The definition of ethical branding is examined in the context of

1. morality,
2. conscious and deliberate effort to be moral, and
3. economic, social and environmental responsibilities.

This is vital in order to recognise how complex this topic may be and to help you to grasp the different elements as we explore this topic.

Ethical branding can be defined as a continuous, conscious and deliberate process taken by a brand to do what is morally right, which includes not harming people, animals and the environment and making an environmental, social and economic contribution to society. It also has to do with considering the negative and positive impacts that the action or inaction of a brand can exert on people, the environment, animals, society, race and so on.

This definition highlights the fact that ethical branding is a non-stop business practice. No brand is perfect. Instead, there is a continuous strive towards perfection as an ethical brand. Also, the process is conscious in the sense that the brand knows what they must do and deliberate because they are trying to do it. Some brands may be aware of the need to be ethical; they have seen their competitors getting recognition, but they are not ready to make that deliberate commitment.

Morality may be relative for brands as there may be some confusion between ethics and legality. In addition ethical values vary between individuals and organisations, and between different cultures, and they change over time (Fan 2005). Notwithstanding this debate, it is essential to note that during the process of ethical branding, brands must try to be honest, accountable and committed. They should ensure they are not causing harm to humans (avoid slavery, child labour), harm to animals (killing for fur, animal testing) and harm to the environment (sustainably sourcing material and disposing of waste).

The contribution to society is also crucial. Brands operate within society and therefore, they should make a positive impact. They should adopt the triple bottom line framework that covers three dimensions of organisational contribution—economic, environmental and social (Chabowski et al. 2011). This also aligns with 17 Sustainable Development Goals (SDGs), which were adopted by the Member States of the United Nations in September 2015 as part of the 2030 Agenda for Sustainable Development (UN 2020). These goals are designed to, among other things, end all forms of poverty, fight inequalities and injustice and tackle climate change.

Ethical branding is about delivering the company's responsibility and its moral obligation to society (Maignan et al. 2005). The focus here is on brands making the conscious effort to be ethical. Shewan (2020) writes that it is a long-term strategy of continuing education, campaigning and activism. It is about helping consumers make better, more conscious choices about the products they buy and the stores they frequent. It is about changing the way we think about how goods are provided, the people who make and sell the things we buy every day, and the communities that rely on fair, ethical trade to survive. It is about cultivating brand loyalty by aligning your organisational values with those of your ideal customers.

2.3 Ethical Brands

Ethical brands are brands that have been ethical in their activities. Ying Fan explains that: “an ethical brand should not harm public good; instead, it should contribute to or help promote public good” (Fan 2005). They are sometimes described as brands with a conscience. An ethical brand is different from ethical branding. An ethical brand is considered an entity, while ethical branding is a process (of becoming an ethical brand). It is an ongoing and long-term process.

The concept of ethical brands can be very relative and subjective as the brand may want to claim they are ethical, often communicating how ethical they are, albeit without external validation. Questions, therefore, remain: What is an ethical brand? Who decides?

- Is it the brand? Saying “we are ethical, we are doing the right thing (to the best of our knowledge and ability).”
- Is it the customers? Saying “we see what you are doing, and we say you are ethical, and we will tell our friends about you.”
- Is it a third party? Saying “we have collected evidence, spoken with staff, customers and other stakeholders and we certify you are an ethical brand.”

Below are three different third parties that certify ethical brands. The first works with all brands provided they can demonstrate their impact. The second endorses selected products which are used by the brands. It ensures the supply chain has been certified for fair trade between the brand and the producer. The third specifically focuses on the fashion industry, it offers consumers opportunities to select ethical brands based on an ethical fashion guide.

2.3.1 Generalised Brand—Certified B Corporations

Certified B Corporations are social enterprises verified by B Lab, a non-profit organisation. B Lab certifies companies based on how they create value for non-shareholding stakeholders, such as their employees, the local community and the environment. The brands are given an Overall Impact Score based on their Governance, Workers, Community, Environment and Customers. This body certifies a generalised brand list across the world, with 3200 companies from 150 industries across 64 countries.

Certified B Corporations are businesses that meet the highest and rigorous standards of verified social and environmental performance, public transparency and legal accountability to balance profit and purpose. B Corps are accelerating a global culture shift to redefine success in business and build a more inclusive and sustainable economy. Identifying as a B Corporation is a way to publicly claim an identity as an organisation interested in both shareholder and stakeholder success. One key driver is the increasing effort of more conventional profit-driven companies to be seen as “green” and “good,” these brands want to join the movement of creating a new economy with a new set of rules and redefine the way people perceive success in the business world (Kim et al. 2016).

2.3.2 Specific Product—Fairtrade

The Fairtrade Mark is the symbol of the international Fairtrade system—and the most globally recognised ethical label. This mark is given for specific Fairtrade products listed in Table 2.1. Fairtrade Standards ensure fairer terms of trade between farmers and buyers, protect workers’ rights and provide the framework for producers to build thriving farms and organisations.

According to Fairtrade, their standards require the company to “bring social rights and security to its workers. Some of the core elements are training opportunities, non-discriminatory employment practices, no child

Table 2.1 Fairtrade products

Bananas	Cotton	Honey	Sugar
Carbon	Flowers	Nuts/oils	Tea
Cocoa	Fruit/juices	Quinoa	Textiles
Coffee	Gold	Rice	Vegetables
Composites	Herbs/spices	Sports balls	Wine

Source: Fairtrade (2020)

labour, no forced labour, access to collective bargaining processes and freedom of association of the workforce, conditions of employment exceeding minimum legal requirements, adequate occupational safety and health conditions, and sufficient facilities for the workforce to manage the Fairtrade Premium. Fairtrade standards include requirements for environmentally sound agricultural practices. The focus areas are minimised and safe use of agrochemicals, proper and safe management of waste, maintenance of soil fertility and water resources, and no use of genetically modified organisms (GMOs)" (Fairtrade 2020).

Products carrying the FAIRTRADE Marks have been certified against the criteria in the Fairtrade Standards. If the criteria are not met, a producer organisation can face suspension until remedial action can be undertaken and verified, or ultimately be decertified.

2.3.3 Specific Industry—Ethical Fashion Guide

The Ethical Fashion Guide is a companion to the Ethical Fashion Report. You can use it to help you make everyday ethical purchasing decisions. The grades awarded by the Ethical Fashion Report are a measure of the efforts undertaken by each company to alleviate the risks of forced labour, their effort to ensure that workers are not exploited in their supply chains. The guide also ensures that these ethical brands are not harming the environment. Higher grades are given to companies with ethical sourcing systems that, if implemented well, should reduce the extent of worker exploitation and environmental harm (Ethical Fashion Guide 2019).

2.4 Misconceptions About Ethical Branding

Brands are taking action towards being ethical. Likewise, consumers recognise ethical brands; however, here are some misconceptions about ethical branding that need to be considered. Ethics covers quite a multitude of remits and cannot be limited to a business decision or social issues. Ethical branding covers all brand activities, expecting all-round goodness from the brand.

2.4.1 Not Just About Climate

While protecting the environment is paramount, it is important to know that ethical branding is not just about sustainability, climate change or the environment. Ethical brands recognise the holistic approach and implications of their business activities, which may impact the environment, but they are not limited to just that.

2.4.2 Not Just About Consumption

In addition, it is important to recognise that ethical branding is not just about the consumption of food (e.g. Fairtrade, organic, vegetarian and plant-based alternatives, and free-range eggs), fashion or travelling. While these are all important, it can be seen as the consumers' choice and responsibility to take action and decide not to consume brands they feel are not ethical. This, however, may affect the brand and they may decide to take action. Brands may recognise the increasing desire of consumers to buy ethical products and, as a consequence, decide to improve how products are being sourced, staff are being treated and information is being communicated.

2.4.3 Not Just About Corporate Social Responsibility

There is a relationship between business and society. Brands are expected to be socially responsible; they are expected to contribute to society and make their impact known. Theoretically, brands are expected to accept their social responsibilities as an ethical obligation above any other consideration (Garriga and Melé 2004), but there is more to ethical branding than corporate social responsibility (CSR). Though essential, CSR does not necessarily demonstrate the brands' stance towards ethical branding. CSR could be voluntary or mandatory, depending on the brand and the industry in which they operate. Brands that are polluting the environment from oil spillage or manufacturing their products using child labour may still be doing charity events and contributing to society. That does not make them ethical brands. CSR cannot be used to overshadow the unethical practices of the brand. Clare Carlile, from Ethical Consumer, noted that Shell Energy might be touting renewables for the British public, but it remains part of the largest oil company and the fourth biggest polluter in the world (Carlile 2019).

2.4.4 Not Just About Charity Organisations

Ethics in branding is not just about the non-profit organisations. Ethics is not limited to social enterprises or charity organisations. Any brand that engages in, and with, society needs to be ethical in their business activities. The big brands have their responsibilities and likewise, the growing brands. Any brand can become a damaged brand if they act unethically. Now we have addressed these misconceptions, in the next section we will explore the key considerations for ethical branding.

2.5 Considerations for Ethical Branding

It is essential to reiterate that ethical branding is a process which encompasses all the elements that are essential to building and maintaining the reputation and positive perception of the brand. Ethical brand management is, therefore, considered across various sections of the brand activities.

2.5.1 The Brand Values

This is the inherent personality and philosophy of the brand. Ethical brands are not just ethical for the sake of business, but deep down, ethics are inherent in their structure. This often comes from the founding principles, purpose and objectives of the brand. Right from the beginning, the brand has decided always to do the right thing, to make an impact and be responsible. These brand values are not just abstract, but they are demonstrated in all business activities. Ethical brands do not just say it, they do it. Patagonia is a US clothing brand that sells outdoor clothing and is an "activist company." The brand recognises that earth is under threat of extinction through human activities. Patagonia has recognised the need to use the resources they have—their business, investments, voice and imaginations—to do something about the threat of extinction facing the earth. Their brand purpose is to build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis. This is a brand that wants to be evaluated and perceived by society based on its moral grounds and not just its economic value and financial contribution to society.

2.5.2 Sourcing

This often applies to how service and product components are being sourced. For those running a cleaning business, how are they sourcing their staff? For those making chocolate, how are they sourcing their cocoa? There are concerns about the way some of the big companies are destroying the earth in search of palm oil. For over 10 years, Greenpeace has been making the palm oil industries clean up their act. They have exposed how big brands like Nestlé, Unilever and Mars are using “dirty palm oil from forest destroyers.” Greenpeace created an advertisement in 2018 to raise awareness about the threat to the survival of orangutans from palm oil plantations (Ibrahim 2018).

Likewise, the Niger Delta area of Nigeria has suffered oil pollution and spillage as the oil companies are extracting crude oil from these areas and thereby destroying their environment. The land has become un-farmable and local drinking water supplies unusable following oil blowouts, spillages, oil slicks and other pollution. In 2012, members of the Bodo community in Nigeria filed a lawsuit against Shell in London High Court. This community have experienced loss of livelihoods and land. The general wellbeing has been affected by oil spillage. In 2015, Shell had to accept responsibility, agreed to a £55 million out of court settlement and to assist in cleaning up the spillage in the community.

Many animals are farmed and killed to supply fur for the fashion industry, and many people feel that their welfare is an integral part of the Ethical Fashion debate (V&A 2020). There are also growing concerns, widespread opposition and disgust about animal testing for cosmetic products. The European Union introduced a ban on the testing of finished cosmetic products (shampoo, make-up, toothpaste etc.) on animals in 2004. Campaigners feel that brands should not support the needless torture and killing of animals to produce cosmetics and household products. Many brands have decided against animal testing. They include LUSH, Natures Organics and The Body Shop. SAFEshopper, from New Zealand and Beauty Without Bunnies from the United Kingdom have a selection of cosmetic and household products that have not been tested on animals and deemed ethical. Fashion brands may want to consider that list, but it is essential to recognise that it is not the sole decision of a brand manager. The manager may want it, but the production and testing of the brand may make it impossible.

Animals (e.g. orangutans in Indonesia) and humans (e.g. those impacted by oil extraction in Nigeria) are suffering due to the actions of these brands. Brands need to be mindful of how they source their raw material so as not to harm the environment or humans. Fairtrade and Oxfam are doing great work in this area to ensure that products are responsibly sourced, the environment is not destroyed and the local producers are well compensated for their effort.

Case Study 2.1: Yala

YALA was founded by Audrey Migot-Adholla in 2017. The brand manufactures jewellery. It sources and produces its products in Kenya—in low-tech, environmentally friendly workshops while their leather trinket trays are made in a Fairtrade certified workshop near the Maasai Mara in Kenya. It was the first jewellery brand in the United Kingdom to achieve B Corp Certification.

Every element of Yala, from production to packaging, connects back to the brand purpose, which is Modern · African · Ethical. Yala is built on social values; to improve the lives of others by creating financial opportunities for skilled artisans, demonstrating their talent, while maintaining a low environmental impact. Yala works with over 150 artisans in Kenya, ensuring they receive fair wages, operate in safe

Fig. 2.1 Handmade jewellery from Yala. (Used with permission from Yala. Photography by Louis Nderi)

and healthy work environments, and get real recognition for their talent. The additional income they earn there has a positive effect on over 300 households in the area due to family dependencies.

Each piece is traceable, from design to delivery, using raw materials that are sourced ethically. Pieces are handcrafted in Kenya, using recycled brass, reclaimed cow horn and surplus leather. The intricate designs also feature glass beads, recycled threads and gold-fill components. Yala's packaging is plastic-free and made from recycled materials, with soy-based inks and acid-free FCS certified paper.

Every order contains a care card and a gentle request for the recipient to recycle all packaging except the jewellery box. Yala creates jewellery that is designed to last; collections are handmade in small batches to reduce environmental impact and ensure quality (Fig. 2.1). YALA aims to operate as close to zero waste as possible and do not want any of its products to end up in a landfill site.

YALA also has a Reclamation Programme for any customer who decides that they have enjoyed the product but no longer wish to keep it. Most of the jewellery's components can be reused and recycled to make another beautiful item.

Reflective Questions

- Why do you think it is important for YALA to declare how they source their products?
- Why is it important for YALA to educate their customers about recycling their packaging?
- How important would you consider the Reclamation Programme from YALA?

2.5.3 Production

Now we move away from the sourcing of the raw material to the production of goods and services. It is important to know that this is not just limited to the production of a product but also recognising the workforce on the production line and how services are rendered. Workers should not be exposed to hazardous chemicals with dire environmental impacts. There are concerns about the use of child labour and sweatshops. In as much as brands want to be affordable, it is not ethical to exploit those working on the product, and brands need to avoid the use of these unethical workforces. Anything that could make the brand exploit a situation, people, environment or consumers in order to produce at a lower rate and maximise their profit must be avoided if they are to ensure they duly observe ethical branding and become an ethical brand.

Likewise, for service providers, it is paramount to be mindful of those providing the services, be it a car wash or a beauty salon, slaves should not be used in providing these services; staff should be treated with respect and dignity. A brand cannot offer services that have been subsidised by unpaid labour. In addition, the disposal of the waste product during and after production needs to be considered. Clothes manufacturing brands often use numerous chemicals that are then released into the water or air, seriously damaging the environment. Brands should ensure a reduction in their waste product, try to recycle and adopt a sustainable way of disposing of their waste product. This also includes CO_2 emissions and other greenhouse gases. Brand managers need to be aware of these details in the business activities as a backlash from these unethical practices will affect the brand.

2.5.4 Packaging

Some brands have decided not to use plastic bags for their packaging. This is because they want to be more environmentally friendly and sustainable. Likewise, many brands are considering changing their packaging with knowledge about the implications. Some brands like Amazon, Jumia, AliExpress, have been accused of not being prudent with the way they package the products they sell—the excessive use of cardboard, paper and plastic bags. Campaigners and consumers feel that this packaging is not sustainable and harms the environment even though Amazon claims their packaging is recyclable. Packaging is a key element of branding, very important for integrating the brand identity and for recognition. With ethical considerations in mind, brand managers need to find a more creative and yet sustainable way of packaging the products. This will involve finding packaging material that can be properly branded and still protect the product.

McDonald's has promised to use completely renewable, recycled packaging by 2025—to make changes the customers want and to use less packaging, sourced responsibly and designed to be taken care of after use (Economy 2020). On the other hand, Coca-Cola said it will not be ditching single-use plastic bottles because consumers still want them (Thomas 2020), highlighting how challenging it can be for brands to understand and implement changes based on consumer behaviour. Allan Gomes of the Federal University of Minas Gerais presented another example of sustainable packaging. Allan designed sustainable toothpaste packaging called Coolpaste (◘ Fig. 2.2). The sustainable packaging does not affect its durability while being transported or stacked on shelves.

◘ **Fig. 2.2** Sustainable toothpaste packaging design called Coolpaste. (*Source*: Allan Gomes)

2.5.5 Communication

Ethical branding requires that brands are moral and truthful in their communications. This starts with their marketing communications—ensuring that they are decent, honest and not misleading. Consumers should not be tricked into thinking they are getting great discounts, when in fact they are not. It will be unethical for brands to create unrealistic personal expectations (Quart 2008). This has implications on, for example, the choice to use airbrushed images of models for advertising and a brands' marketing communications. Brands should not lie in order to make sure their brands stand out from others or to be considered in a more positive light.

In addition, the use of celebrities and influencers as a means of communicating should be considered ethically. The brand manager should ensure that the influencer's values align with the value of the brand. Likewise, the brand manager should ensure that the influencer is communicating without misleading or hiding some information from the consumers.

The challenges of some ethically concerned brands such as tobacco, gambling or alcohol are recognised; they will have to adopt a different strategy in communicating their brand values and purpose. The wording on the packaging is also an ethical consideration.

It is required by law that tobacco brands indicate the harm their brand may cause. For those brands with no such legal obligation, it is ethical to make sure the information about the brand is well communicated. If need be, there should be disclaimers, providing enough information for the consumers to make an informed decision. Brands need to ethically consider how they communicate with children and other vulnerable individuals. Consider Red Bull, does it give you wings? How are children being targeted to consider energy drinks as part of daily lives? These are some of ethical challenges for companies as they market their products.

Following on with ethical communication and truthfulness in marketing messages, Brands that are not 100% natural should not be presented as such. Brands should ensure that goods sold (co-created products) or services provided (franchise for example) under their brand name are real and authentic. Consumers should know what they are buying, what it contains and perhaps any side effects that could occur from using the product. Withholding this information can lead to loss and damaged reputation.

2.5.6 Inclusivity

This ethical consideration acknowledges and respects the diversity within the society in which brands operate. Inclusivity in brand management has to do with how a brand presents its messages, products, people, communication processes, technologies, services and everything else that conveys the brand to the brand users and the whole of society. It has to do with the way that such characteristics of a brand (messages, products, technologies etc.) allow underrepresented, marginalised or vulnerable groups to fully experience the brand's product and eventually connect with the brand. Therefore, brands must recognise that they engage with different individuals with different expectations. They need to respect this and as much as possible showcase this in how they deal with their product design, product development, communication and engagement. It is not surprising to see Mars develop a billboard advertisement using Braille or Sign language for a TV advertisement. Brands are being criticised for not having accessible entrances and not allowing guide dogs into stores. In 2020, there was a report of a blind Paralympian who was considering suing M&S for asking him to put his guide dog outside five times.

Brands have also been heavily criticised for staff racially abusing customers. Gabbidon and Higgins (2020) documented consumer racial profiling in America which includes being excessively monitored in stores and, in the worst-case scenarios, falsely accused of shoplifting. In 2018, Starbucks had to close its coffee shops across the US for an anti-bias training session after a store manager called the police on two black men accused of trespassing as they waited in the store. Likewise in 2019, the beauty chain Sephora had to close its US stores for diversity training after a racial incident involving singer SZA. In 2020, Clicks, South African beauty and pharmaceutical retailer had to close their stores in the wake of violent protests and massive backlash over a recent hair advert that portrayed black women's hair as "dry and damaged." The brand manager may be tucked away in the office and not aware of how front-line staff are engaging with customers. Therefore, it is important for the organisation to recognise diversity, and train and support staff to deal with this.

To further demonstrate inclusivity, brands are changing their logo, modifying it with the LGBT rainbow colour for Pride Week. Brands need to make sure the team is diverse, there is equal pay (no gender pay gap) and everyone is treated equally (Mogaji 2015). Many brands have been sued because they have paid women less than men. This is of growing concern and brands must be aware of this. Brands are expected to constantly make the effort to ensure everyone has an equal opportunity regardless of colour, gender, religion or age.

2.6 Benefits of Ethical Branding

2.6.1 Customer Loyalty

Consumers are increasingly aware and mindful of socially irresponsible behaviour by some companies (Mulki and Jaramillo 2011); they are observing those who are behaving responsibly and supporting them with patronage. Ethical branding ensures that consumers are aware of the brand's ethical practices and builds the customer loyalty. When a company behaves ethically, they can attract loyal consumers who feel more passionate about what they are buying. Even though the product may be more expensive than another non-ethical brand, these loyal consumers feel more associated, as they are contributing to improving the environment and doing what is right. They believe the brand's values align with theirs, and they become loyal to the brand, ready to pay more to prove a point and key into the brand views and sentiment.

Research by Cone Communications (2017) found that Americans are willing to buy or boycott companies based on corporate values as they believe that companies have an obligation to take actions to improve issues that may not be relevant to everyday business operations. The research found that more than eight out of ten people will purchase a product because the brand advocates for an issue they care about, and more than seven out of ten people would refuse to purchase a product if they found out a company supported an issue contrary to their beliefs. Consumers will more likely align with the brand because of the shared value. If the consumer feels the brand is doing right, they will become repeat customers. These loyal customers become brand evangelists, giving positive word of mouth and contributing to the long-term business success of the brand.

2.6.2 Brand Extension

Another benefit of building an ethical brand is the possibility of using the acquired reputation towards extending the brand. The brand has demonstrated to consumers that it is an ethical brand; they have become loyal and more likely to use other brand products. There are possibilities for greater success for the brand. There are opportunities for diversification and future growth built on customer loyalty achieved through an ethical standpoint. TOMS is known for donating pairs of shoes to children in need all over the world. Their ethical branding is well recognised, and that has helped the brand to extend and provide for more people. In 2011, the brand launched TOMS Eyewear, partnering first with the Seva Foundation to expand the one for one model which means that for every pair of shoes purchased, TOMS gives a free pair to someone in need. They also extended with the launch of TOMS Roasting Co. in 2014. In partnership with Water for People, TOMS coffee sales helped to provide safe living conditions and economic prosperity to developing communities through sustainable water systems.

2.6.3 Brand Association

While brand extension presents possibilities for the brand, ethical branding also brings together brands to form a valuable brand association. Many brands that are mindful of their ethical business practices will be willing to partner together. This also includes investors who are willing to work with brands that do good, with the assurance that their money is being used in a responsible way. This also brings financial benefits as share prices are kept high, and the brands remain valuable. On the other hand, unethical brands will often face challenges regarding who they associate with. BP has been sponsoring the Annual Portrait Award for London's National Portrait Gallery for almost 30 years, but now people are protesting and asking the gallery to drop BP's sponsorship. There are accusations that the gallery is helping to launder the oil industry's image through the sponsorship deal while the oil company aggravates the climate crisis by extracting fossil fuels. Even with the best intentions from brands seeking partnership, consumers can raise concerns about the partnership with a brand they feel is not doing good for society. However, with an enhanced ethical practice, there are better chances of finding brands willing to form partnerships.

2.6.4 Satisfied Workforce

We saw above that ethical branding can lead to brand association and there we focused on external stakeholders, but satisfied internal stakeholders are another benefit of ethical branding. Employees will feel more comfortable and productive, and willingly contribute more with the knowledge that they are being treated well by the brands they work with. Companies that are fair and open in their dealings with employees have a better chance of retaining the most talented people (Hill 2019). This will boost productivity, improve customer experience and sales. According to research carried out by consultancy Global Tolerance, which surveyed more than 2000 people in the United Kingdom, it was discovered that almost half the workforce (42%) now want to work for an organisation that has a positive impact on the world (Jenkin 2015). The satisfied workforce also includes the suppliers, farmers and others within the supply chain working with a brand. They feel reassured that they are being treated with respect and dignity as they get paid a good living wage and ensure their activities do not harm the environment.

2.6.5 Corporate Reputation

Ethical branding ensures a good corporate reputation and a more positive image in the marketplace. The brand will be well perceived and more easily attract prospective partners and customers. Brands with ethical business practices stand out in the marketplace. These are recognised through the Fairtrade mark and the Certified B Corporations. Those who have got these validations can be proud of their achievement and effort in building their reputation. They retain and attract credibility through the perception of quality and reassurance that the brand will always be responsible. Brands face more reward than risk when adopting ethical branding (Sprout 2020). Satisfied customers are willing to share their experience with the brand. Most of the consumers' emotional reactions to brands taking a stand on social issues were positive, with intrigued, impressed and engaged emerging as the top three consumer reactions. Likewise, when consumers' personal beliefs align with what brands are saying, 28% will publicly praise a company. When individuals disagree with the brand's stance, 20% will publicly criticise a company.

In addition, a company will avoid any legal claims that can affect their brand reputation if the brand has taken appropriate care to ensure health and safety of workers; products have been well labelled to give information, and disclaimers have been well communicated to services users. If supply chains do not use child labour and packaging is not dumped in the ocean because it is recyclable, brands will be seen as doing the right thing. Such companies will gain integrity, honesty and accountability, which, in turn, could enhance a company's reputation and brand loyalty (Fan 2005).

2.7 Challenges of Ethical Branding

2.7.1 Multifaceted

Ethical branding is not just a one-stop shop approach, and it is not a tick box or a project to complete. It is a process which is multifaceted and multi-layered. This makes it challenging for brands which might want to be more ethical. There are many areas of the production line and branding activities that need to be considered. For a brand manager, it is essential to understand every stakeholder within the supply chain, to do a risk assessment to understand how the actions of these stakeholders can affect or enhance the reputation of the brand. If it becomes public knowledge that a brand's supplier (even though supplying for many other brands) is engaging in unethical practices such as child labour, it can affect the brand negatively. In addition, the brand manager is also expected to work with in-house stakeholders, including staff and other departments, to ensure that the ethical business strategy reverberates across the organisation.

2.7.2 Traceability

The multifaceted nature of ethics branding presents a challenge in terms of traceability. A brand manager needs to understand the different stakeholders in the supply chain that may influence the brand. The Ethical Fashion Report (2019) found that while 69% of companies could demonstrate tracing all final stage suppliers, only 18% had traced all inputs suppliers, and just 8% had traced all raw material suppliers. The report further highlighted the challenges for brands to know where their inputs and raw materials are being sourced. A coalition of civil society groups has warned many of the western brands such as Adidas, Nike, Zara and Amazon of the "grave risk of forced labour" from the ethnic Uighurs and other Muslim groups in China. The United Nations has warned about this, the United States has hit senior Chinese officials with sanctions over alleged rights abuses against the Uighurs and the consumers are watching, hoping that many brands will cut ties with any suppliers in China that benefit from forced labour. It is therefore important for brand managers to understand the multifaceted nature of this challenge and put measures in place to protect their brand. A small enterprise, for example someone selling clothes in London, may not have the capacity to monitor the supply chain and see how ethical their suppliers are. It can be challenging to manage these multifaceted processes.

2.7.3 Difficult to Integrate

Even with a good understanding of all parts of the supply chain and the ability to trace different touchpoints, it can be difficult to monitor and integrate across the various supply chains, communications and packaging. That is why brand management becomes important to understand these different multilayers and this can be a step-by-step approach, making at least a small effort at a time to make it work. If brand managers focus on the part of the business chain that is traceable, at least there will be a sense of control over those areas. If a brand cannot trace the supplier, they can try towards eco-friendly packaging.

2.7.4 Expensive

As brands want to be more affordable and save more money, it can be expensive to go the route of ethical branding. Having factories in developing countries can reduce costs, but this comes with the possibility of unethical practices such as child labour and low wages, which help to maximise profit, but are not aligned with the values of an ethical brand. Some brands may decide not to pay attention to what their suppliers are doing, as long as they can get it cheaper, and sweatshops may be used. Some brands may decide to use unethical material just to cut costs. Responsibly disposing of waste, instead of just dumping it in the sea, can also be an additional expense. Transport can also add to these costs as brands may want to use a sustainable route. It could be more expensive for smaller brands to be ethical as they have a lower profit margin compared to bigger brands.

2.7.5 Time-consuming

Ethical branding is a process, and it requires a deliberate effort to achieve it. However, it can be time-consuming to do the audits, visit the suppliers, change packaging and other communications. Ethical practices also need to be updated, especially as laws are bound to change, consumer behaviour is evolving, and with social media coverage, making changes can be time-consuming. This can even be more difficult for a brand that did not start with ethical practices. The brand manager, depending on the size of the brand, may have to work with other consultants to get this done and implemented in time. Bear in mind though that it is a long process and that customer, and indeed supplier, loyalty and the perception of values behind the brand will develop over the years.

2

2.8 How to Go About Ethical Branding

2.8.1 Recognise What Is Ethical Branding

For brand managers to consider ethical branding, knowledge in this area is important. The manager must know what ethical branding entails, specifically in the industry in which they operate. The manager must know which ethical practices need to be upheld. Ethical considerations for a fashion brand will be different from the ethical consideration of an architectural firm. Before going in any strategic direction, it is necessary to have a thorough understanding of the ethical stance and expectation.

2.8.2 Brand Audit

The manager needs to carry out an audit to understand the different touchpoints for the brands that need to be considered from an ethical point of view. They could assess the production, the supply chain, the packaging or communication about the brand. The audit presents a set of action plans and the direction for the brand manager to consider. Brand managers should identify clear targets based on what they hope to achieve. It is vital to clearly define goals and measure outcomes as it will be relevant in the subsequent stage of monitoring.

2.8.3 Adjust

Awareness of the areas businesses need to change is not enough. It is crucial to take deliberate action and to make adjustments in order to change. The audit reveals where the brand is underperforming, and the manager needs to act, liaise with those who are responsible and get things going. This stage is about DOING and can be considered the most important stage. Not just doing a publicity campaign but putting actions in place to make sure that the supply chain is revisited, products are sourced more responsibility, waste is properly disposed of, and information about the brand is communicated well.

2.8.4 Communication

As ethical branding is considered a deliberate effort to increase the value of a brand and ensure a positive perception of the brand, it is paramount that these changes and adjustments are communicated to the stakeholders. In communicating, brands must be aware that some customers or groups of stakeholders may be more ethically conscious and discerning than others. There are the active ethical consumers who do due diligence to find out what the company is doing, and they can start online petitions, get involved in protesting and share their concerns on social media. Brands need to understand these different groups as this may have implications on their communication strategy. The stakeholders to be communicated with include the following.

2.8.5 Staff

They must be made aware of the changes within the organisation. There must be buy-in and a form of responsibility on the part of the staff. They should demonstrate their understanding that the brand is trying to become more ethical. Every department and team must come on board. For a new brand or emerging brands, the information needs to be communicated and demonstrated by the brand owner/founder so that the new team or new staff know what the brand stands for and are able to be a part of it. This should also include advertising agencies and brand consultant teams working on/with the brand. For a bigger brand, this will take much more effort. Internal communication (newsletters, intranet and memo) becomes very important to show staff the new direction. For a charity organisation, volunteers need to be made aware of the new direction as well.

2.8.6 Consumers

As the brand is established to cater to the needs of consumers, it is thus important that the brand engages with the consumers and informs them about the changes they are making. This is about brand communication. Consumers may not have noticed that a brand is becoming more ethical without communication. This is more about blowing your trumpet as a brand. Let the consumers know you are adjusting, carry them along and engage them with the developments. The pricing might change, and that is another reason why communication should be effective. Social media and direct mail will play a key role in communicating these values.

2.8.7 External Stakeholders

The public, who may not necessarily be customers or users of the brand, must also be engaged. Brands need to ensure the message reaches those who may be considering switching to more ethical brands. As well, brands need to communicate to regulators, campaigners and trade agencies. Brands should be able to take responsibility and indicate whether they are on time with their plans to improve. The suppliers and every other stakeholder working with the brand need to be informed. They should be made aware of the brand's zero tolerance for unfair and unsafe working conditions. They need to know about the changes and perhaps the brand will be given recognition for the initiative.

2.8.8 Integration

This moves beyond just communication but integrating the revised brand into the minds of consumers and prospective customers. This involves a strategic approach which can include updating websites and product design, running public relations and advertising campaigns, and using the endorsement of a recognised body. For this integration, brands, especially fashion brands, may want to consider providing take-back and repair programmes, where customers can return their products when they are no longer interested in them instead of sending them to landfills. For example, Patagonia has the wornwear programme where they invite customers to repair, share and recycle their clothes. They take pride in the quality of their gear. Customers can cut down on consumption and get more use out of things they already own.

2.8.9 Monitoring

It is not possible to become an ethical brand over night; it is a continuous process of rebranding and repositioning, incorporating ethical and moral principles into the branding business activities. It is necessary to constantly improve business practices and reduce the impact on the stakeholders. The brand needs to monitor how well they are doing over time. There should be audits and evaluations of the business practices. This can also include revisiting the supply chain, trying towards reducing CO_2 emissions, evaluating how the brand is doing year after year to see if they are making any progress.

While relying on testing and certifications, brands should be able to trace their ingredients and raw materials through their supply chain back to an ethical supplier. Monitoring can be in the form of unannounced audits (which give a more accurate picture of everyday operations in factories when factory managers, and others in positions of influence, have less warning time to hide abuses), anonymous worker surveys or off-site worker interviews. Brands should give their suppliers guidelines to ensure that raw materials are ethically sourced. Everlane noted that before deciding to work with any factory, they always issue a strict "compliance audit," which evaluates factors like employee happiness and environmental standards. Brands should also take responsibility and be aware of touchpoints that can affect their brand's reputation. Brands need to declare their positioning, and they are encouraged to present sustainability reports yearly.

2.8.10 Advocate

It is important for ethical brands to advocate for changes, educate people and challenge other brands to be more responsible. By challenging others, they strive to keep their own standards high and ensure that everyone is made aware of the benefits of ethical branding. Alison Taylor, Managing Director of Business for Social Responsibility (BSR), asked why American CEOs have been so quiet about the issue of families being separated at the US border, highlighting the need for brands to take a stance and comment on issues beyond their usual business operations. This corroborates findings from a survey by the social media management and analytics company Sprout Social, titled "Championing Change in the Age of Social Media." The research established that the majority of consumers want brands to weigh in on social and political issues. Consumers want brands to get real. The study noted that even though brands cannot change minds, they can impact change by getting involved in the conversation.

Ben & Jerry have acknowledged that time is running out and there is an urgent need to protect the earth. They created a website to share information about their campaign titled "If It's Melted, It's Ruined". They advocate for sustainability and protection of the environment.

2.8.11 Report

Ethical branding involves taking responsibility and being transparent. Brands should provide an "Impact Report" or sustainability report, which should be readily available for any members of the public who may be interested. This document should be made available on the brand's website and highlight the economic, social and environmental contribution of the brand. Without making this information known, it becomes impossible for the public to know if the brand is doing anything ethical or otherwise. In addition, brands should publish their progress reports, be transparent about where they are struggling and the effort they are making to improve.

The Ethical Fashion Report (2019) found that only 29% of companies shared data about their brand auditing results with the general public. The report noted that it is not a failure if a brand is not fully complying but rather, an important step towards greater transparency and accountability that will drive the improvement. Brands are encouraged to present the list of their suppliers. They are advised to always be accountable to the board of directors, staff, consumers, the public and the workers in their supply chain. This transparency gives the brand more credibility.

While it is acknowledged that some brands are more ethical than others, it is important to note that this is an ongoing process. A new brand does not become an ethical brand in a day. Although some brands may have it embedded in their DNA by the founder from day one, it still requires a conscious effort to work on and monitor the process. Managers must recognise that this is a long-term process. With changing consumer behaviour and environmental needs, the working principles of ethical branding will keep evolving, and managers should stay in the loop and manage their brands effectively.

2.8.12 Corporate Social Responsibility

A physical demonstration of ethical branding in the form of corporate social responsibility is important. Irrespective of the notion around CSR for window dressing and opportunity for brands to gain significant advantages (Camilleri 2017), it is still an important way of going about ethical branding. CSR is a form of corporate self-regulation integrated into a business model (McWilliams et al. 2006). Brands try to give back to communities where they operate. TOMS started giving shoes in 2006 to children who needed them and they found that a new pair of well-fitting, weather-appropriate shoes could raise children's confidence and help them realise their potential. Another example is brands that contribute by supporting farmers who produce their raw material with training and business support.

Case Study 2.2: LUP Committed to Sustianably Maaging Pastic Waste

LUP, founded by Javiera Badilla, Rafael Salas and Sebastián Santamaría is a design studio that transforms plastic waste into design and decoration objects (◘ Fig. 2.3). They make flexible fibre from plastic waste, called Fibra LUP, which is then used to manufacture objects and design projects (◘ Figs. 2.4, 2.5, 2.6, and 2.7). They sought to extend the useful life of plastic and revalue this type of waste. They form commercial alliances with artisans and

◘ **Fig. 2.3** Logo of LUP. (*Source*: LUP)

◘ **Fig. 2.4** Fibra LUP. (Image used with permission from LUP. Photographed by Claudia Castro Vilugrón)

◘ **Fig. 2.5** Another Fibra LUP. (Image used with permission from LUP. Photographed by Claudia Castro Vilugrón)

◘ **Fig. 2.6** Artisan making a basket with Fibra LUP. (Image used with permission from LUP. Photographed by LUP)

◘ **Fig. 2.7** Finished products made from Fibra LUP. (Image used with permission from LUP. Photographed by LUP) small producers interested in incorporating recycled plastic into their production processes, supporting them in the opening of commercialisation channels that do not compromise their patrimonial activity. LUP believes in the need for consumers to evaluate their consumption habits and develop an environmental awareness that goes beyond recycling and reuse, a consciousness that helps everyone understand the value, materiality and complexity of things. How products are made, who makes them and what happens to them when we do not have them anymore.

LUP has a zero-garbage commitment which they have made public and abide by:

We commit ourselves to prevent and sustainably manage the waste generated in our production processes, in our workshops and support the sustainable production of the communities that work with us; promoting, with our example and with specific plans, socio-environmental awareness in our community, aspiring to implement a zero-waste culture gradually in our processes, products and services.

We commit ourselves to meet the objectives set in social and environmental matters, and with those entities and people with whom we interact: neighbours, customers, suppliers, artisans, organisations, and government authorities.

This commitment is available to anyone who requests it.

Reflective Questions

- What is the implication of LUP's commercial alliances with artisans and small producers interested in incorporating recycled plastic into their production processes?
- Why should consumers be educated about their consumption habits?
- Why is it important for LUP to publicly declare their Zero-Garbage Commitment?

2.9 Conclusion

Ethical branding is important and essential for brands that want to increase their value while doing good. It makes business sense. Though it may be expensive, it is worth it to incorporate ethics into the activities of the brand. This is a process and a long-term strategy, not a one-day affair. Perfection may not be achievable, but the good thing is to work towards it. The main aim is to have a world where all brands adopt ethical values and demonstrate them in their business activities. Therefore, ethical branding should not be an afterthought but an idea that is inherent and intentional, and an integral part of the brand.

Brands need to know that consumers are watching; they are watching which brand aligns with their values. Competitors are benchmarking to see how they are doing. Stakeholders are mindful of who they engage with. With this understanding, brands need to recognise the possibilities and prospects that ethical branding offer. Among many other benefits, it brings a loyal consumer base.

Brands must try to communicate their position; they need to acknowledge what they have done and what they are doing; they need to recognise and showcase their corporate social responsibility. Brands must contribute to society, treat society well and ensure that consumers and stakeholders recognise new brands and their initiatives.

It is important for brands to recognise that ethical branding is not just for the sake of building a loyal customer base or making a profit. Ethical branding is not about publicity but recognising the benefits and responsibility they have not only to shareholders, but to society as a whole and the future of the planet.

Prospective brand managers need to understand the multifaceted nature of brand ethics. It is more than designing a brand identity or launching a new product. The manager must work towards innovation, including social intent, which ensures that the business goals and social needs are met through creative activities. The manager needs to understand the whole business process, identify different areas that can enhance or damage the brand's reputation and put actions in place. Brand managers may not be able to address all concerns but should be able to communicate and work with other stakeholders and team members effectively.

Key Points

- Ethical branding is a process.
- Ethical branding involves all the business practices.
- Brand managers must understand these business practices and be able to identify risk to the brand's reputation.
- Ethical brands strive towards perfection through ethical branding.
- Ethical brands must balance business needs with their societal expectations to do good.

► Student Activities

1. What is the difference between ethical branding and an ethical brand?
2. What are the benefits of ethical branding?
3. How would you work around the challenges of ethical branding?
4. What are the benefits of communicating ethical branding?
5. What could be some ethical branding considerations for a social enterprise? ◄

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Brand Philosophy

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Sam checks her company email in the gym locker room while waiting for the others to arrive, and when they arrive, Alex briefly shares the new brand values for their organisation. Alex asks Sam to contribute to the values. Alex assumes Sam has more experience, as a brand manager shaping the philosophy of a multinational. Sam answers that the values were mostly discussed by the CEO and other senior management members, but that the outcome was satisfactory. Sam mentions truly believing in those values. Alex recognises that they have the power to drive and shape the philosophy of their charity organisation and fulfil their promise to assist children who lack education, and at the same time, stand apart from other organisations. Code, for their part, says it was the three co-founders who came together and discussed the way forward when the company started. Their future business path was an integral part of their business. It is therefore important to note that that the way a philosophy is developed depends on the nature of the organisation. Having a guiding principle is essential and relevant in a business, no matter what the business does. In the previous chapter when the friends discussed ethical dilemmas, they made decisions to do what is right and they need to establish these decisions now as guiding principles for everyone working on the brands. For Alex, this could be something like a promise to always be prudent and serve the interest of children in developing countries by providing educational support. This can be summed up as the brand philosophy—a promise, often documented, to stand up for what is right and do what is right even if it might not be financially rewarding. It's more like a passion upon which the business has been built. Consumers see this passion and enthusiasm, and when brands fulfil promises, they are more likely to remain loyal to the brand.

3

Overview

This chapter explores brand values which are the guiding principles of a brand. They provide the strategic direction that staff must follow. This chapter will build on the brand ethics that were previously discussed and describe the concept of brand philosophy. The basic components of brand philosophy will also be discussed—core values, mission and vision statement of the brand, which serve as a promise and set the brand apart from others. We will look at who develops it, when it is developed and how it is developed. It is important to recognise as well that brand philosophy is industry-specific, and therefore, it should be interpreted in that context; however, there are basic features which all brand philosophies should have. These will be relevant for a brand manager working on a new brand or on an existing brand. Finally, we will look at the benefits and various examples of brand philosophy.

Key Question

What are the guiding principles and core values of a brand?

Learning Outcomes

At the end of this chapter, you will be able to

- describe the concept and components of brand philosophy;
- give examples of different components of brand philosophy;
- recognise how brand philosophy is conceptualised and developed;
- describe the benefits of brand philosophy; and
- explain the key considerations for integrating brand philosophy.

3.1 Introduction

Brands are facing a lot of challenges in a competitive market, and there is a need for them to be different and stand out from others. Likewise, as previously stated, humans are brands, and there is an increasing desire to stand for something, to be unique and different even when everyone around you is moving in the same direction. There is a need to be distinct and avoid jumping on the bandwagon as it can make a person lose their brand. Your choice of fashion or the type of food you eat may be different from others, and you may decide not to engage on social media. That is who you are, and people must respect that.

There are inherent factors that shape how brands operate. They have their ways of doing things, which may be right or wrong. That aligns with the idea of brand ethics that has been previously discussed. These guiding principles could be the drive to make more money and not take heed of any ethical implications. On the other hand, these principles could lead brands to provide better service to assist many others in the form of a charity organisation, without putting profit at the forefront. These guiding principles make brands very different and unique in their engagement and offerings.

3.2 What Is Brand Philosophy?

Brand philosophy is taken generally as the worldview, ethos, values, principles, set of beliefs and code of ethics that regulates the overall performance, ambience and culture of an organisation. It also comes into play while formulating the guiding ethics and business practices of a brand. The brand philosophy is often described as the "True North" of the Brand (Lozano 2012). It points home. It never changes, and it guides the brand to do what is right. The brand philosophy is an inherent set of values that shapes every aspect of the brand's activities. These are the promises that the brands have made and always want to keep. It is the foundation of the brand before engaging with stakeholders. These principles are built into the product, expressed in behaviour and reflected in communication.

Brand philosophy answers the question: What do you stand for?

For a business owner to answer this question, they need to articulates what the brands stand for, what they aspire to be and what they hope their consumers will think of them.

What would the consumer say when asked about the brand? The answer should align with the brand's philosophy.

Brand philosophy may be considered as an abstract form of a brand identity. Often, it is not seen but experienced. Unlike Brand Identities (logos) or products which are visual and you can associate with a brand, the brand philosophy is inherent in the foundation. It cannot be seen but has a great impact on the visible elements of the brand. If the brand philosophy is weak, the brand is weak and may likely fail.

3.3 Components of Brand Philosophy

As indicated, brand philosophy is the foundation of a brand. Remember, when building a brand, the foundation must be well rooted and solid. A building foundation will have stones, cement, sand and iron bars to hold it tight and solidly in place. Likewise, brand philosophy has fortifying elements.

So, what are the components that make up the foundation of a brand? These components may often be used interchangeably, and it is important to understand the basic concepts and their importance. Take for example the different components of the Honda Group philosophy, a Japanese company that produces automobiles and motorcycles, consisting of 435 affiliated companies in and outside Japan (as of 31 March 2019), their philosophy contains their fundamental beliefs (including "Respect for the Individual" and "The Three Joys"), the company's principles and management policies. This philosophy is not only shared by all associates but also forms the basis for all company activities and sets the standard for the conduct and decision-making of all associates throughout the Honda Group.

3.3.1 Brand Ethics

As previously discussed, brand ethics are an integral part of the brand philosophy. It is important to recognise this as they shape the moral activities of the company, highlighting the company's economic, social and environmental contribution. Ethics should be at the base of any brand philosophy.

3.3.2 Brand Values

These are guiding principles that shape the way the organisation was founded. These are what they set out to do. Everybody who comes in contact with the values of the brand needs to decide if they are aligned with these. As the brand becomes bigger, these values need to be cascaded to everyone in the team. Brand values move beyond the founder(s). The employers must recognise these values as they influence the way they interact with customers, the way they raise money through their charity organisation or the way they source for business. It is important to differentiate brand values from brand value. Brand values are often more than one, and they are guiding principles while the brand value is the financial worth of the company. Brand values may not necessarily mean a huge amount of money (brand value), but a good set of brand values will position the brand for an increased valuation.

3.3.3 Brand Heritage

This consists of the historical assets the brand builds on to shape their philosophy. Brand heritage is a dimension of a brand's identity found in its track record, longevity, core values, use of symbols and particularly in an organisational belief that its history is important (Urde 2009). This is often for more established brands that have a long history, and they recognise that (using it in their marketing communications). Brands with heritage believe they have something to protect, something they have been nurturing for many years, and they are mindful of how they compose themselves (Urde et al. 2007). This understanding shapes their guiding principles and becomes an integral part of their philosophy as a brand.

Brand heritage should not be confused with corporate heritage. Corporate heritage is a unique institutional trait acquired through past, present and future performance of a brand (Balmer 2013); while brand heritage relies more on the history, allowing brand managers and owners to utilise the hidden potential in their valued past to protect their future (Urde et al. 2007) and this is often appreciated by brand users (Orth and Gal 2012; Mogaji 2018). The challenge however remains to make the historical values relevant and not appear outdated (Hakala et al. 2011).

Corporate heritage constitutes a potential or actual corporate asset and strategic resource that the brand can leverage on. It is associations or inherent values that differentiate one brand from another, creating a unique experience for the brand users (Keller and Lehmann 2006). IBM has a brand heritage because it has existed for a long time, but Apple may have a better corporate heritage because of what they have done and their innovative possibilities.

This heritage gives the brand an added advantage provided they can use it well. Merchant and Rose (2013), developed a scale for measuring brand heritage and highlighted the prospects of invoking vicarious nostalgia through advertisement and brand communication, citing the example of Wells Fargo adopting idyllic aspects of the old west in their advertisement. Brands take pride in their heritage, but it's often not a guarantee for success. It was not enough to save some brands with heritage that had to close shop. Recently, Thomas Cook, one of Britain's oldest travel companies with plenty of heritage, tracing its origins back 178 years, and several of its associated UK entities, entered compulsory liquidation. Though brand heritage is an added advantage, it could be a burden to maintain as there is growing competition from more flexible, risk-taking brands. Managers need to be mindful when building this heritage and using it to engage with the stakeholders.

3.3.4 Brand Personality

Brand personality is how the brand behaves—what it does and how it does it—so that the brand always acts consistent with its values. Aaker (1997) defines brand personality as the set of human characteristics associated with a brand. Aaker developed the five dimensions of brand personality—sincerity, competence, excitement, sophistication and ruggedness (see Fig. 3.1). There have been counter arguments as other researchers have argued that certain traits of human personality cannot be associated with brands (Bishnoi and Kumar 2016; Azoulay and Kapferer 2003). This aligns with misconceptions about the scope of branding, but notwithstanding the debate, the essence is to understand the personality of the brand as part of its philosophy and inherent values. So, if a brand was a human being, how would it be described?

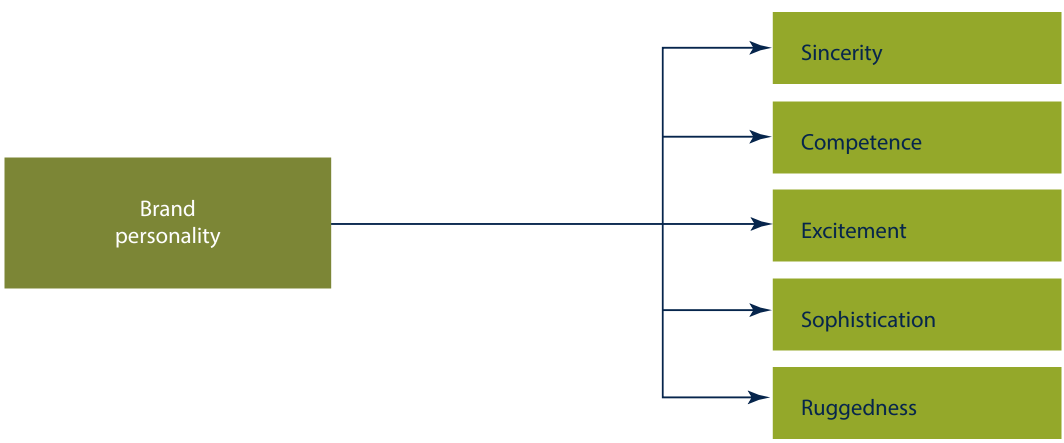

Fig. 3.1 Brand personality framework. (Adapted from Aaker (1997))

Energetic, friendly or distracting? As a brand manager, how would you want your brand to be described?

3.3.5 Brand Origin

Brand origin is the actual region, place, country, nation or continent to which the brand belongs based on its ideal target, brand users or clients. This is quite different from the actual location where products with the brand name are manufactured or are perceived by consumers to be manufactured. Brand origin can also be considered an important component of their philosophy and can influence the way a brand operates. For example, as a human brand, you may be from North America and do things differently from someone from Eastern Europe even though you are both attending a university in Africa. Country of origin is an integral component of the brand philosophy (Mohd Yasin et al. 2007).

There are brands that take pride in their origin, and they integrate this into their brand philosophy and identity. Some countries are known for making outstanding engineering pieces, some are known for their fashion and some are known for their quality food:

- IKEA furniture: Sweden
- Chanel perfume: France
- Barilla pasta: Italy
- BMW: Germany
- Dewar's whisky: Scotland
- Kikkoman soy sauce: Japan
- Bertolli olive oil: Italy
- Gucci shoes and handbags: Italy
- Rolex: Switzerland

3.3.6 Customer Charter

Some brands with a more consumer-facing engagement like retail stores and government entities have a customer charter. A customer charter is a set of standards or code of practice that sets out to the customer the standard of service to expect, what to do if something goes wrong and how to make contact. They relate to service standards. It details how the brand will provide the service and support for its customers, as well as outlining what brands expect in return (Roberts and Alpert 2010). This is a promise that the brand has made, and they will always aspire to fulfil it:

> Holland & Barrett Customer Charter
>
> To enhance the well-being of our customers around the world by delivering the highest quality, best value nutritional supplements and wellness products, bringing wellness to the world one happy customer at a time.

3.3.7 Vision Statement

These are affirmations that give guidance to the staff and stakeholders as to what direction the organisation is going and how they want to go about it (Vasudeva and Mogaji 2020). They are reminders of the promise the brand has made. The formation of this statement is considered an integral part of strategic management (David 2001). A vision statement depicts what an organisation aspires to become and how it wants to be seen in a longer period (Behm and Bertold 2011). Collins and Porras (1991) mentioned that the vision statement depicts the thinking of an organisation in terms of its core values and views about itself.

3.3.8 Mission Statement

The mission statement complements the vision statement. While the vision statement describes the desired *future* position of the company, the mission statement describes the *present* effort towards reaching a set objective (Williams 2008). The primary difference between a vision and mission statement is the timeline. The mission statement acts as an indicator of organisational purpose and orientation (Klemme et al. 1991; Bart and Hupfer 2004). Campbell and Yeung (1991) have suggested that the organisational mission should be framed after considering four factors: purpose, behaviour, values and strategy.

The mission statement should address five key questions:

1. Who are we?
2. What do we do?
3. How do we do it?
4. For whom do we do it?
5. How do we differentiate ourselves from another brand?

This could also be a form of mantra, a three to five-word phrase that captures the irrefutable essence or spirit of the brand positioning (Keller 1999). So, we can say the mission statement is a form of tagline or watchword which continues to charge the company into action. It is some sort of propeller that unconsciously moves the brand into acting in certain ways. The brand also sees itself as its mission statement; hence, its actions and inactions are guided by the words encapsulated in the statement.

Reflective Questions

- To organise the world's information and make it universally accessible and useful—whose mission is this?
- Think of Nike—Just do it, think of Kit Kat—Have a break, Think of Tesco—Every little helps. What is the mantra for your favourite brand? Can you recollect? If they do not have a mantra, what would you propose?
- Can you identify the philosophy of these brands—Google, Facebook, Microsoft and Amazon? Are there any similarities?

3.4 Who Develops Brand Philosophy?

The answer to this question depends on the brand and its structure. The development of a philosophy for a small brand may solely depend on the founder, while a bigger brand may engage the services of a consultant.

3.4.1 Founder

For some brands, the philosophy is developed by the founder (or founders) of the company. The founder knows the reason for setting up the company, knows the vision and the mission, know the values to be embedded in the brand. The founder has the responsibility to identify and document what will make the brand stand out and what principles and values they will abide by. Documentation in a written form is essential. Something to always fall back on and see if those values are still part of the business.

3.4.1.1 Management Team

For much larger brands with different organisational structures which may exclude the role of a founder, developing the brand philosophy becomes the responsibility of the management team, headed by a CEO, for example. A new CEO comes on board and may decide to change the strategic direction of the organisation. The CEO shares ideas and vision with the team, ensures buy-in and that the team can integrate this new direction. Under Steve Jobs' leadership of Apple, the mission statement was "to make a contribution to the world by making tools for the mind that advance humankind"; however, the new CEO Tim Cook created a new mission which focus on innovation, believing in the simple, not the complex, participating only in markets where Apple can make a significant contribution and focusing on the few innovations that are truly important and meaningful to the brand.

Case Study 3.1: FIFA

Sepp Blatter was a Swiss football administrator who was the eighth President of the Fédération Internationale de Football Association (FIFA), the world football association governing body. He was president for 17 years from 1998 to 2015. However, after numerous allegations of corruption in the bidding processes for the awarding of FIFA tournaments and failing over ethics breaches, he was impeached. This is a man that had a great deal of influence on football around the world, and his values had become integrated into FIFA. He was given a 6-year ban from participating in FIFA activities.

In 2016, a new president, Gianni Infantino was elected as the President. He was responsible for providing a new strategic direction for the organisation after a turbulent period of scandals which brought the FIFA brand into disrepute. The brand's reputation had been affected, and it was time to revisit the guiding principles and philosophy of the brand.

Gianni Infantino unveiled "FIFA 2.0: The Vision for the Future" in October 2016, the first time in FIFA's history that a strategic plan for building a stronger institution was published. The new president had presented a document highlighting his plans to make changes.

Here is an example of new management coming on board and presenting a new direction for an organisation. This is beyond the founder or owner, this is the leadership team taking responsibility and ensuring the organisation has a new guiding principle to shape the perception of the brand.

Reflective Questions

- Why was it important for the new FIFA president to develop a new strategic direction for the organisation?
- How do you think the new strategic direction will shape the brand perception of FIFA?
- How important was the presentation to the public of the new strategic direction for the organisation?

3.4.2 Consultant

In some cases, Brand Agencies could also be brought in to carry out research, consolidate brand values, direction and vision for the future. These agencies have experience working on many brands from different industries. They can provide insights gleaned from customer feedback, give clarity on the brand to both internal and external stakeholders and give focus to the brand as they integrate the philosophy. This is more like having a helping hand where ideas and directions are needed, especially within a diverse board of management. This is extra support in the form of a third party to listen to every idea and come up with a strategic direction that will likely appeal to all.

3.5 When Is Brand Philosophy Developed?

Often when brand philosophy can be developed depends on the type of brand, the structure of the organisation and how long the brand has existed.

3.5.1 At the Beginning

The brand philosophy should be developed at the beginning of the brand conceptualisation. This is when the founder starts the business and comes up with ideas that will shape the brand's activities. The brand's philosophy should be at the forefront of the company.

3.5.2 During Growth

Brand philosophy can be developed during the growth stage of the brand. This can happen when the values have outlived the founder, and there is a new direction for the brand to go. While they may consider their heritage and country of origin, the changing aspect of the business many necessitate the need to develop a new philosophy and direction for the brand. The growth can, however, be in two forms.

3.5.3 Start-Up Growth

This is when the brand moves from just being the idea of the founder to the brand of shareholders. That is, when a brand goes public or accepts investment from capital ventures. This may relate more to start-up companies, as they need to change strategic direction because they are becoming bigger and need to protect the vested interests of many others. Apple's mission statement has changed since the company's incorporation—as Apple Computer Inc.—by Steve Jobs and Steve Wozniak in 1977. The company is now in public ownership—a new direction has been taken. Over the past decade, Facebook's mission has been to make the world more open and connected. However, in June 2017, Mark Zuckerberg announced that going forward, Facebook's goal is to "give people the power to build community and bring the world closer together." This is a change in direction as the brand aspires to be something bigger than what the founder initially anticipated.

3.5.4 Strategic Growth

This applies more to established brands that change strategic position as they grow and recognise the competition within their industry. These brands do not want to rest on their oars but to strategically position themselves as forerunners in the industry. In 2016, the Volkswagen group charted a new course with their TOGETHER 2025 strategy. In 2019, the plan was sharpened and a new strategy evolved—"TOGETHER 2025+"—which stands for more speed, more focus and consistency. This was expressed by the updated strategic vision for the entire group: "Shaping mobility—for generations to come" and the purpose is to safeguard individual mobility for the long-term, thereby guaranteeing one of humanity's fundamental needs and the desire for freedom.

Likewise, in 2017, during a rapid change in the automobile business environment, Honda formulated their 2030 Vision, which outlines new challenges they will take on towards the next era. This will enable Honda, which was established in 1948, to continue to offer joy to people and to be a company that society wants to exist beyond the 100-year mark in their company history.

These car brands recognise they have brand values and philosophies, but there is a need for these values to be redeveloped to recognise the competition from the green movement, the changing business climate and customers' expectations.

Developing a brand philosophy at the strategic growth stage is not limited to the automobile industry. Likewise, universities are adopting new visions and values as they set strategic growth plans. The University of Kent has a strategy for Kent 2025 while Oxford University also has a strategic plan for 2018–2023. To deliver these visions, these universities have to re-state their ambitions, goals, objectives and values in relation to their core activities.

Case Study 3.2: John Lewis to Pull "Never Knowingly Undersold" Pledge

John Lewis is a brand of high-end department stores operating throughout the United Kingdom. They are very confident about their pricing and made a promise to consumers that they will always get value for their money. "Never knowingly undersold" was their pricing promise which has been used since 1925. The slogan guarantees that the store will refund British shoppers the difference if they can find the same product for a lower price elsewhere.

Sustaining this price promise has, however, posed a challenge. In 2017, the promise came into question when an investigation showed the retailer was selling certain products at a higher price than available elsewhere. There is growing competition from other retail stores which may be able to offer consumers cheaper products but may be not necessarily at the quality of John Lewis. There is the rise of online retail stores and the coronavirus pandemic has further accelerated shopping trends and changed consumer behaviour. It is becoming more expensive for the brand to compete on price.

In February 2020, Dame Sharon White became the Chair of John Lewis and was given the responsibility of reviving the struggling retail brand. Six months after the appointment, John Lewis announced plans to replace its famous promise to match rivals' prices. This change is considered a radical change to the business, an effort to improve financial performance.

The company had been incurring huge expenses for keeping this promise but as the market dynamics had changed and become more competitive, it was imperative for the new chairperson to take a decision and replace this unsustainable promise. It was clearly better to have a promise that could be kept than an expensive promise that was sometimes broken.

Reflective Questions

- What were the benefits of John Lewis having a price promise?
- Why was it important for John Lewis to revisit a promise that was made over 95 years ago?
- How has the decision by John Lewis been influenced by the changing business environment and change in leadership?

3.5.5 At Rebranding

When two businesses/brands merge or when another brand gets acquired, it is likely because they operate in the same market and there is a need for them to consolidate. However, there are possibilities that there may be a difference in values, philosophies and working principles. At the rebranding (upon merging) and possibly with support from branding agencies, the brand philosophy may have to be redeveloped for the new brand moving ahead. The acquired company may lose its values as they get incorporated into the culture of the new brand.

3.6 How Is Brand Philosophy Developed?

Brand philosophy is needed for brands that want to be strategic in their brand management. The existing brand has worked on a principle, but it is important to recognise and document it. Some brands may not have considered their brand philosophy, or they have not formalised it. It is important, therefore, to take the initiative to develop, adopt and integrate a philosophy. This should not be an afterthought. Managers must ensure that the brand they work for has a philosophy, and if not, it should be developed. This section presents basic insights into creating a brand philosophy.

Remember, brand philosophy is a collection of statements which include brand values, purpose, culture, vision and mission statement.

3.6.1 Looking Inward

Looking inward helps the brand to decide what they want to be known for and what they are hoping to achieve. The brand needs to recognise where they are and where they want to get to. Brands (at an early stage this could be the founder) need to reflect on what makes their offering unique, what makes their services different, what have they done before that the customer liked, what have they done that caused problems, what do they really stand for. This should be a critical reflection of the brand, and the brand owners need to be very open to exploring the challenges and prospects they have as a brand. It is essential to note that this may be challenging but digging deep to understand the foundation of the brand will be useful in developing and formulating a philosophy. Each member of the team can be asked to come up with a list of their own values and how they can be integrated into the overall values of the company. This is about carrying everyone along.

3.6.2 Research

Brand research is fundamental. It is not, and should never be, limited to understanding and developing a brand philosophy. It is an integral part of brand management. Brand research will be covered as well in different sections of brand management as we progress. The research stage recognises the business domain (of the brand) and the guiding principles that shape the industry and perhaps what other competitors are doing. Brand research will uncover consumers' perceptions of the brand, attitude towards the brand and common words that can be used to describe the brand. The research will help to understand the customers' expectations and how the brand has met those expectations. A SWOT analysis can also be carried out during this research stage to understand the prospects and challenges for the brand in the business domain in which they operate.

3.6.3 Documenting

The research findings and the founders' reflections need to be documented and discussed to identify the way forward. This stage will require brainstorming, discussion with the team and stakeholders, sharing the ideas and finding something practical that the brand can use to progress. This stage also requires asking for input and feedback from customers, staff and other stakeholders as you chart a new course for the brand. At this stage, words are crossed out, better phrases are adapted, long sentences are cut short. All this is done to make the philosophy memorable and actionable. Lists of words can be narrowed down to a few words that best fit the business and brand. Then the best combination of words and phrases are selected.

The developers may adopt an archetype. An archetype is "the detailed description of a single person who represents a particular expression of a wider group of people along prescribed dimensions" (Morris and Schmolze 2006, 290). Within brand marketing, Mark and Pearson (2001) identified 12 archetypes: The Innocent, The Explorer, The Sage, The Hero, The Outlaw, The Magician, The Regular Guy/Gal, The Lover, The Jester, The Caregiver, The Creator and The Ruler. In defining the archetypes for Mainstreet Capital, a leading investment banking firm in Nigeria, West Africa, Arden & Newton (the Brand consulting agency) aligned the brand's aspiration with a combination of the Explorer & Sage archetypes. These archetypes provided the best fit to reflect the brand's ambition and mission to become a guiding financial services partner for its clients and other stakeholders. Mainstreet Capital has been positioned as an explorer, pushing boundaries, with a strong desire to discover new territories and experiences for their client. A sage, providing distinct insight and context to current occurrences in a way that is meaningful to its clients, audience and other stakeholders. Some other examples are Skittles is the Jester, Dove is the Innocent, Apple is the Creator, Virgin is the Rebel while Rolex is the Ruler. The North Face is another brand also considered as the Explorer.

It is important for brands to understand what they stand for and the values to envisage providing for their customers. Based on the gathered documentation and selection of archetypes, the brand philosophy should be finalised and documented. The final version should then be communicated.

Case Study 3.3: ExactHire

ExactHire is a small enterprise in Indianapolis, USA. They offer HR Software-as-a-Service (SaaS) solutions for hiring and succession planning needs. Their philosophy is to provide great software and exceptional client service. The company has been in business since 2007, but recently, they decided to make a change and embrace the value process by involving the founders and key long-time employees. They brainstormed independently, and with parameters, they came up with a list of values representing the company.

After a few months of evaluating the values, and to ensure their credibility, they announced the values at their monthly company meeting and took time to explain the process and the reasons for involving a very small group of employees. In the meeting, documents containing the new statement were shared with staff which included bullet points clarifying what each short phrase meant. Their values were summarised in an acronym—G.E.C.U.S.P. (Grow Responsibly, Empower with Autonomy, Communicate Candidly, Use Good Judgment, Seek to Elevate, Prioritise Work and Personal Life Equally).

It was important to integrate the new values. This acronym makes the values more memorable and easier to put into action. They made laptop stickers and t-shirts of the values and presented them to employees. They also put the values on the website and PowerPoint presentations. This ensures that everyone is reminded of them every day and helps them to integrate them.

Reflective Questions

- When would you expect a brand to redevelop their values?
- How important is the brand value to a small organisation?
- How important is it for a brand to have their values summarised in an acronym?

3.7 Who Needs Brand Philosophy?

The question may arise about the need for a brand philosophy and who really cares about it. This question usually revolves around the essence of brand philosophy and its importance for brand growth. As earlier indicated, brand philosophy is an abstract identity which many people might not even be aware of, but it is important to note that it is a document and statement of purpose which is relevant to stakeholders and brand customers. It is a guiding principle that presents the brand's promises to keep (for staff) and for those who ask about it (customers). This section highlights three key groups of people that should be aware of the brand's philosophy.

3.7.1 Internal Stakeholders

These are predominantly staff who are working on the brand, engaging with customers and taking responsibility for the brands' actions. These are staff that need to ensure that the promises of the brand are delivered, and therefore they need to know what the brand stands for and ensure they demonstrate this at every engagement. Likewise, new staff coming on board need to know about the brand philosophy and integrate it into their business activities. This could be a sales manager trying to seal a deal with a client who needs to be mindful of the promises of the brand or a charity worker who is out there on the street raising money. Staff must know what their brand stands for, and they must be willing to represent those values at any given point.

3.7.2 External Stakeholders

Unlike the staff, these do not have daily engagement with the brand. These are contractors and suppliers who need to know the values of the brand to decide if they want to work with them. They can come across these values through their engagements with the staff. For example, a supplier may offer different companies different products. Perhaps there is the knowledge that Brand A will accept anything, but Brand B is very specific about what they accept. The supplier has come to know the values of Brand B and therefore is mindful of these when doing business with the brand. Parastatals are an example of external stakeholders who need to know that the company they are awarding the contract has integrity and core values that ensure quick and effective delivery of service.

Well-integrated brand philosophy distinguishes brands and shapes the working relationship with stakeholders. These stakeholders may do their research to find out about the brand, and these documents could be submitted during the tendering process. They can ask around, check social media and seek information about the brand values on the company's website.

3.7.3 Customers

Consumers are becoming more interested in the brands they engage with. They want to know what brands stand for and the values they abide by. Consumers will want to know if the brand's values align with theirs. They often discover these values through engagement with staff, and they form their perception of the brand through the media and communication by the company. Consumers can do their research to know what a brand stands for; activists and campaigners can make enquires about a brand's values. This information should, therefore, be readily available on the website for those who need to find out and demonstrated through the actions of staff.

3.8 Features of Brand Philosophy

As earlier indicated, brand philosophy can be made up of different components, but there are some key features that should be present.

3.8.1 Statement

The brand philosophy is a combination of many statements in the form of values, mission and vision statements. It should be written out. This is not something abstract purely in the minds of the founder or the management. Once developed, this should be made available in a statement that is readily available for staff, consumers and other stakeholders.

3.8.2 Carefully Selected

This statement of purpose should be carefully selected to convey the purpose of the company. Stakeholders need to see this and provide feedback. It should be analysed to ensure people acknowledge it and want to be associated with it. The words should be carefully selected to convey the unique position of the brand and what they want to achieve. It should not contain jargon or words which are too difficult or complicated to understand. Overused works such as "integrity," "outstanding" and "excellent" should be excluded; instead, short phrases should be considered.

Here are some examples of short phrases used by Macmillan Cancer Support to showcase their values:

- We are personal.
- We are open.
- We demand better.
- We inspire others.
- We are practical experts.

3.8.3 Actionable

The words should be actionable, and this should reflect something that the staff can take on board and put into action. The statement should not say something vague or impractical. It should make those engaging with it empowered, feel a part of the system and be able to work with it.

3.8.4 Accessible

The statements should be made available and accessible for those who need it and those who request them. Importantly, they should be on the company's website, in "about us," "who we are" or the "recruitment" page. The brand purpose can also be integrated through internal communications, appraisal reminders and as email signatures.

3.8.5 Memorable

The carefully selected words, simple and actionable, should be memorable. Even when staff have access to these statements on the website, they should know the brand purpose, it should be integrated in their actions. As we saw above, some brands have their values in acronyms to make them memorable for the staff. The Values of St John Ambulance spell out HEART—people are at the heart of St John Ambulance:

- Humanity—treating others with compassion and respect.
- Excellence—taking pride in an excellent job.

- Accountability—delivering what we promise.
- Responsiveness—constantly learning and improving.
- Teamwork—working together effectively.

3.9 Benefits of Brand Philosophy

Highlighting the benefits can offer some justifications for brand managers to consider their brand philosophy.

3.9.1 Guiding Principles

The brand philosophy is a guiding principle that ensures everyone working on and with the brand has a sense of direction about where to go. It unifies the staff's efforts in pursuing a common goal in the organisation. Company goals, as earlier described, can be seen as the "True North" of the company. They provide direction and ensure that everyone can sing from the same page, providing the same outstanding customer service irrespective of the location of the brand or staff on duty. As a guide, the philosophy ensures that ethical principles are followed and adhered to. The brand philosophy informs the stakeholders about the organisation's plans and goals. The brand philosophy drives behaviours within the organisation; every stakeholder knows the value and principles of the brand. Every staff member is expected to behave in a manner that aligns with those values. These guiding principles can dictate the type of business a brand engages in and the type of client it works with. These ensure that their brand value is not compromised by another brand that has a different or unethical philosophy.

3.9.2 Continuous Reminder

For the brand and the internal stakeholders (staff), the brand philosophy, as a guiding principle, offers a continuous reminder about what the brand stands for and the promises they have made. It serves as a form of quality assurance.

3.9.3 Distinguished

There are many brands out there, but their philosophies differentiate them and make them unique. The philosophy shapes product development and service delivery. One brand philosophy may promise quality services and products made from ethically sourced material. Another brand may assure customers that their complaints will be treated on time. These promises distinguish a brand and bring loyal customers who see the promises being kept and so will always want to come back.

3.9.4 Positioning

Once a brand has distinguished itself, it can take an appropriate position. This position can reflect how the brand engages with issues, especially societal issues which may require it to respond and take actions. For example, during Pride month, does the brand want to be a part of the LGBT parade? Can the brand take a position on climate change? The brand philosophy serves as a guide for brands to decide how they want to position their brand, especially in difficult and complicated situations. Appropriate positioning of the brand builds loyalty, increases reputation and leads to the forging of beneficial associations.

3.9.5 Enhances Credibility

A promise fulfilled builds credibility. Brands that abide by the brand philosophy build their credibility and the ability to forge a partnership with other like-minded brands. This brings about dynamic growth and increased profitability. The brand philosophy identifies values that brands hold dearly, and this can attract other brands to co-create values and products for consumers. It can serve as an effective public relations tool because the brand becomes more transparent about their promises and expect consumers to hold them accountable. Brands whose philosophies are not great, not well known or engaging enough might find it difficult to work with other brands.

3

Reflective Activity

Think about two or three of your favourite retails stores:

- Check their website to see if they have a customer charter.
- Does it align with your experiences of the brand?
- If they do not have one, what would you expect their charter to be? What would you want them to promise you?

3.10 Considerations for Brand Philosophy

3.10.1 Role of Founder

The founder is a person(s) who creates or establishes a company society or group and so on. For the purpose of this book, the founder is someone who establishes a brand. The role of the brand owner (founder most likely) in developing and integrating brand philosophy cannot be underestimated. The belief and values of individuals can be transferred to the brand they create. If these values are not good for the business, there may be a problem. In 1866, Thomas Barnardo promised to support children in need of help—regardless of their circumstances, gender, race, disability or behaviour and founded Barnardo's, a charity organisation for children. Over 150 years later, the charity still exists and still aligns with the founder's vision for the organisation. This highlights an example of a vision that has outlived the founder and yet is still being referred to. Likewise, the personal values of the CEO of the company may also affect the philosophy of the company, especially in the case where the CEO cannot effectively convey the values and bring everyone on board.

3.10.2 Integration

It is not just about having these statements written on the office walls or on the website, it is important that stakeholders integrate these values, especially the staff who needs to be constantly reminded about the philosophy (via appraisals, internal memos, newsletters or even email signatures). Staff should be continually trained so that the philosophy is an integral part of their daily activity. The business must operate in alliance with these values.

3.10.3 Recruitment

When new staff join the team, it is important to ensure that they are aware of the brand's guiding principles. As the brand becomes bigger, it is essential to incorporate the brand values into the recruitment process. Prospective employees should be able to see the brand's values in the job description. It should be evident what the brand stands for. It is essential to hire people who recognise, understand and match the values of the brand. This is not limited to charities looking for volunteers but includes all kinds of companies, even bigger companies recruiting for shop assistants.

The human responsibility to present the values of a brand cannot be overestimated. Though the values are inherent within the brands, the staff is responsible for exhibiting these values. The flight attendant who serves you well; the helpful customer assistant on the phone or the cautious UBER Driver. The brand expects staff to abide by their values and this should have an implication on the recruitment process. This is because the wrong staff, working against the guiding principles of the brand, can affect the brand's reputation. Macmillan Cancer Support present their values and expected behaviour with the recruitment process information on their website. They invite people to work for them, but they ensure those people are aware of the charity's values.

In 2018, the DoubleTree Portland hotel terminated the employment of two staff members, after they were caught on video evicting an African American guest who was using his phone in the lobby. The hotel stated in a tweet that the actions of the two staff members were inconsistent with the company's standards and values. Likewise, at Starbucks, a manager had two black men arrested who were not doing anything wrong. The CEO of Starbucks

Co., Kevin Johnson, called the arrests a "reprehensible outcome" and said he wanted to personally apologise to the men, saying the company "stands firmly against discrimination or racial profiling."

These are just some examples that highlight the need for further integrating standards and values at recruitment. Anyone joining the company should know and be willing to abide by the company values.

3.10.4 Communication

Communicating brand values is essential. Brands values should not just be available on a website but communicated and shared with stakeholders. The brands need to tell the people they work with about the values they uphold, and this will make these stakeholders mindful of how they engage with the brand. Staff should take pride in these values and be able to communicate and demonstrate them effectively. They can be creatively made available around the workplace for staff (the laptop sticker example above), customers and visitors to see and hold the brands responsible. They should be integrated into internal and external communications.

3.10.5 Refreshing

As a brand evolves, there may be a need to refresh the brand values and the promises the brand has made. The brand may have merged with another brand, and they may have acquired a new brand or expanded to different countries. This growth may warrant the need for brands to refresh their values and promises. They may build on initial brand values. Likewise, when a brand moves beyond the founder and goes public, these values may need to be rehashed to reflect the changes in the administration of the company. These values need to be appraised on a regular basis, carrying out interviews and surveys to see that staff still recognise and embrace the values. Staff may be rewarded on a regular basis for working with, and demonstrating an understanding of, these values.

3.10.6 Reminder

Where the founder is no longer part of the brand, or those who developed the brand philosophy are no longer part of the brand, the philosophy may be forgotten, no longer carried out or integrated across the board. It may be necessary to make sure that the brand philosophy is not forgotten and ignored. The brand manager may have to understand if a documented philosophy exists for the brand and work towards revisiting the values, towards seeing if they are still relevant and can be integrated and shared with stakeholders.

3.11 Conclusion

The brand philosophy is the guiding principle of a brand, and importantly, should be built on ethical practices. The brand philosophy includes values, purpose, mission and vision statements. These are like the unseen foundations of a house. They are not visibly recognised and seen by consumers, but they can be experienced.

An outstanding philosophy offers a continuous reminder for the staff and increases the level of expectation of the consumers. There is an opportunity to distinguish the brand and makes it more credible (Mogaji and Danbury 2017). In achieving this, the role of the founder and brand owners cannot be ignored. They take responsibility for the initial brand promised. Likewise, the integration and communication of these brand values are important. While the philosophy may evolve as the brand grows, it is important not to forget about it.

The brand philosophy needs to be transferred into something tangible in the form of brand identity, which makes the brand more recognisable. The brand philosophy leads to creating the brand identity. The brand philosophy should come first before the identities. It is not surprising that some brands may come up with an identity and then find a story/philosophy to back it up. IKEA uses yellow and blue, the flag colours of its country of origin (Sweden). This will be discussed further under Brand Identity.

3

Brand managers need to recognise these values and challenge stakeholders to align with them (Rose et al. 2016). It is not just about having this philosophy but making sure it becomes an integral part of the brand's business activities. For brands that do not have a guiding principle, it is never too late to develop one. For brands that have a philosophy but have not documented it, it is essential to officially present it and make it an available document for the stakeholders and those who need to know. For all brands, it is essential to integrate the philosophy continuously in the minds of stakeholders. The guiding principles should be memorable and simple enough for staff to demonstrate them at every possible touchpoint.

Key Points

1. Brand philosophy is the foundation of the brand. It may not be visible, but it is important.
2. Brand philosophy includes components such as brand ethics, values, heritage personal, mission and vision statements.
3. Brand philosophy may be changed; it can evolve when growing and expanding the brand.
4. Brand philosophy should contain carefully selected words which are actionable, accessible and memorable.
5. Brand philosophy should be well integrated. Staff should know about it in order to demonstrate it. Consumers should know about it, to be able to challenge the brands.

▶ Student Activities

1. Prepare a short brand philosophy for yourself. Consider yourself as a brand; what are your values, mission and vision statements?
2. Identify five companies you would like to work with. Check their websites and see if you can locate their brand philosophy statements. How easy was it to find them? Do you find them relevant?
3. Why do you think some brands may not have their brand philosophy on their website? ◀

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Brand Positioning

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While on the treadmill, Sam looks out the window and comments on the people passing by outside who probably think the reason they are exercising is to keep fit. Code agrees, but adds that some people might not perceive that as what they are doing. Alex says that for their brand it's important to be mindful of the fact that people have different perspectives and might not grasp their message. This is why they always treat people fairly and be prudent with their spending. Code responded, saying it is not always easy to change people's perceptions but that individuals need to keep up the good work, nonetheless. Sam, Alex and Code are in a gym. There are certain perceptions about people you see in a gym. There is an association between gyms and keeping fit. Now imagine seeing someone sitting on the treadmill and eating unhealthy food. That would be completely unexpected.

Consumers have certain perceptions about brands. Often there is no second chance to make a first impression. It is therefore important for brands to exceed expectations and do more than what the customers expect from them, while recognising that customers are different. Alex, starting a new charity (and as the charity brand's owner) will have different resources to shape the perception of donors and the public about their charity, compared to Sam, who is managing a multinational brand. This does not however stop them both from taking action to enhance their brand positioning through service delivery, product development, effective communication and engagement.

Overview

The perception of a brand is in the minds of the consumers. This perception may make them associate innovation with a brand, and likewise, they could associate poor service with a brand. Brands will have to keep their standards and improve on innovative product development and quality service provision to convince the consumers about their positions. Brands may be placed on pedestals by consumers, but if these same brands do not do well, they will be replaced. This chapter will explore the basic concepts of brand positioning and how it can be conceptualised. We emphasise the importance of brand positioning, in order to justify the creative, hard work required for this. While recognising that brand positioning can change as consumer engagement increases or decreases, we will explore ways to enhance a brand's position in the minds of customers. The brand owners and brand users are the responsible stakeholders for brand positioning—the brand adopts brand position strategies while consumers engage with those strategies. We will conclude with some key considerations for brand positioning.

Key Question

How is the brand perceived in the minds of consumers?

Learning Outcomes

At the conclusion of this chapter, you will be able to

- describe the concept of brand positioning;
- give examples of brand positioning strategies;
- recognise how brand position can be conceptualised;
- describe the challenges of brand positioning; and
- explain the key considerations for brand positioning.

4.1 Introduction

As individuals and customers, we have unique feelings and attachment to some brands. We feel special when we use the brand, and often have a sense of pride in being associated with the brand. Even though there could be many alternatives, there is always a special place for that brand in our heart. You visit that bar every Friday because of the beautiful memories you have of time spent there. You buy those sneakers as a symbol of your personality. You reserve that perfume for that special occasion. These brands have made a conscious effort to make their products and services appealing to customers. The bar has made sure that every day people come into the bar and have an enjoyable experience. The sneaker has been positioned as a symbol of luxury and the perfume for special occasions. These perceptions keep the brand going and make you, as a brand user, keep using or associating with that brand.

These positive perceptions of the brand by the brand user help the brand beat the competition and increase their sales. The positive perception is based on how well the consumers have positioned the brand in their mind. Even though there might be many other brands, the consumers have positioned this brand on a higher pedestal which suggests that despite all other options, they will always go to that bar or use that perfume. Brand position is the perception of the brand user, but the brand owner must make every effort possible to reinforce that positioning. The brand owner needs to continually work on the brand management process in other to retain their position on that high pedestal. This is the only way that the brand can retain brand users and make them continue to support the brand with their patronage. It means that for a brand to continually keep the brand users, gain more brand users and retain their loyalty, the brand must ensure they maintain a positive identity at all times and must ensure their philosophy aligns with that of the brand users.

4.2 What Is Brand Positioning?

Brand positioning is a proactive and conscious process by the brand owners to ensure that the consumers have a positive perception of their brand. It has been defined as the act of designing the company's offering and image to occupy a distinctive place in the mind of the target market (Kotler 2003). Brand positioning represents all the creative effort and strategic ideas that have been implemented to make a brand unique and stand out.

Brands want consumers to always think well of them. Some of their names have become verbs for our daily tasks:

- When we want to get from A to B, we Uber.
- When we want to find information, we Google it.
- When we need to send a document, we FedEx it.
- When there is dirt on the carpet, we Hoover it.

These brands have captured the hearts of consumers, making it difficult for other brands to take that position.

Brand position is dependent on consumers. Brands will try, but consumers have the final decision about the place of a brand in THEIR MINDS (and hearts). It has been described as the battle for a place in the consumer's mind. Sengupta (2004) describes the idea of brand position as renting a space in the minds of the consumers. A brand can hope to occupy that space for as long as possible by changing the quality and quantity of the brand positioning strategies, which includes marketing and advertising. Likewise, many other prospective brands are also seeking to rent that space—putting up tempting offers to attract the owner of the mind, the consumer.

I describe brand positioning as "brands on pedestals in the minds of consumers." Consumers have decided to put a brand on a high pedestal, and perhaps that pedestal can only accommodate one brand at a time. While there may be many other colourful and more prominent alternatives, the consumer will more likely engage with the brands they have placed on that pedestal. That is the brand they like and prefer. However, there are many reasons that the brands on that pedestal may be replaced. The preferred brand may become lackadaisical and no longer care about that highly coveted position, the consumer may be exposed to a better brand or compelling position strategies from other competing brands (Fig. 4.1).

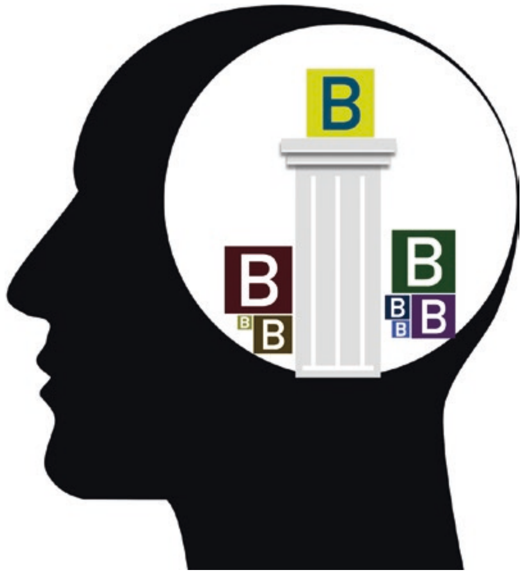


Fig. 4.1 Selected and preferred brand on pedestal and other competing brands in the mind of the consumer. (*Source*: Author)

This then suggests the need for brands to recognise they must keep improving their product development and service quality and be aware that other brands are vying to take their position in the mind of the consumer. This further reiterates that brands needs to take full control of their rented space and keep out "squatters"—other brands coming around. Positioning is very central and critical for brand management, and should be considered at the level of a mission statement as it comes to represent the essence of a brand (Aaker and McLoughlin 2010).

How would you like your friends to see you? How would you like your employers to see you? What type of image of you do they have in their mind? When they see you, what are they seeing? A hardworking student who will graduate with good grades? Even though you have your own ethics and ways of doing things, you probably believe your friends see you as a good person. They probably do but you cannot control and shape what is in their mind. You can, however, control your actions when you are together—you go to the library and attend lectures together, and they form a perception of you based on their engagement with you. Likewise, brands cannot shape the way consumers perceive them, but brands can act—to be good, work with values, communicate trust, in order to improve their positioning in the minds of the brand users.

While brand positioning is predominantly determined by hard criteria such as pricing, service delivery and product quality, other considerations such as company structures, geographical coverage, type of business also play an essential role in brand positioning (Kalafatis et al. 2000). A newer brand will have many hurdles to scale to become well-positioned, compared to a more established global brand. Similarly, the type of business can influence the positioning in the mind of the consumer. If technology brands are renting the space in the mind of the consumer, there may be limited spaces for charity organisations which need donations to be commercially viable. Even among charity organisations, bigger ones may be well-positioned than smaller ones in people's minds. These challenges are real. Individual brands, therefore, need to recognise that and make a little effort to differentiate themselves and carve a niche.

4.3 Conceptualising Brand Positioning

Keller et al. (2002) present three questions that brand owners and managers need to ask about their brand as they consider developing a suitable positioning strategy. They call for the move beyond concentrating on points of difference in developing a brand position, suggesting that brand positioning should be more than just highlighting the benefits that set each brand apart from the competition. The three questions shaped the idea of conceptualising a brand position. These questions recognise the challenges for a new brand and even a more established brand extending its product line.

4.3.1 Stage 1—Frame of Reference

Brands are to meet needs to ensure their commercial viability and sustainability. There is a certain gap in the life of an individual (prospective brand user), which a brand is expected to fill. It is, however, necessary for the brand to recognise the need they want to meet. Keller et al. (2002) noted that brands should understand the frame of reference within which their brands work and address the features that brands have in common with competitors.

As illustrated in ◘ Fig. 4.2 at the end of this section, imagine a new brand trying to replicate Uber in a different country. They recognised the frame of reference, which is a niche gap that overlaps public transportation, fast travel, the gig economy and mobile application. This frame of reference signals to consumers the goal they can expect to achieve by using the new brand. There should be a recognition of the target market, and the brand will make an impact. The brand needs to recognise who the customers are in this frame of reference and rent a space in their minds.

The benefit the brand can bring into the frame needs to be highlighted. Likewise, the brand needs to be aware of competitors (like taxi drivers). For a charity organisation, the founder needs to know the needs to be met. Perhaps if it overlaps with another charity, what are the differentiating factors? It is necessary to recognise the points of parity and points of difference.

4.3.2 Stage 2—Point of Parity

Recognising a unique need is not enough to conceptualise a brand position; the need must be met uniquely. Starting another Uber in another country is not sufficient. What is the

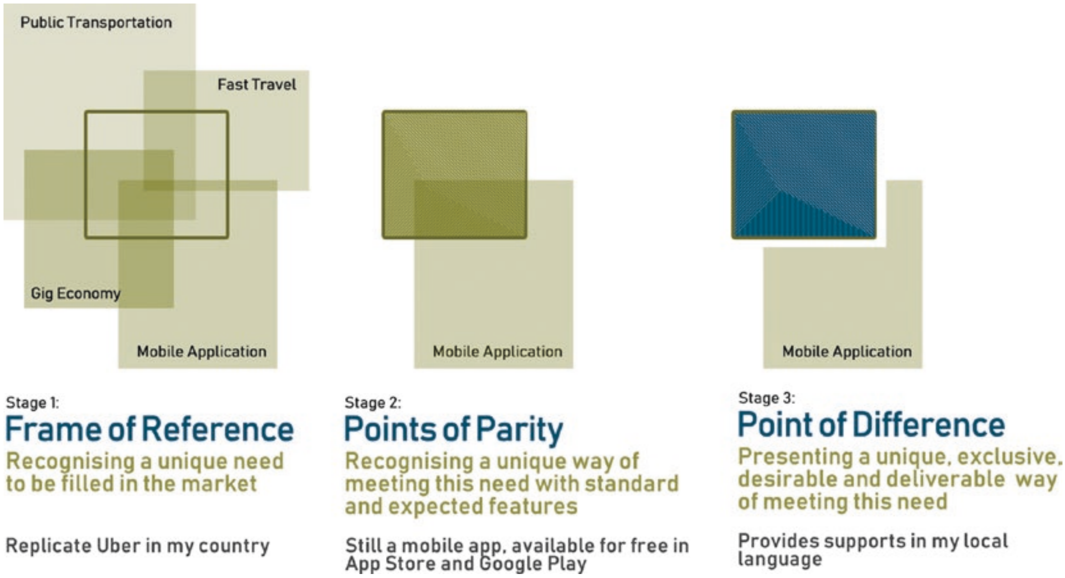


Fig. 4.2 Conceptualising brand positioning. (Adapted from Keller, Sternthal & Tybout (2002))

country's unique and specific need? The brand needs to recognise how best to provide that service. Keller et al. (2002) suggest that brands must offer to give consumers reasons why their product should be considered a legitimate and credible player within that frame. A brand needs points of parity to be considered in the eyes of the consumer. There are associations that are not necessarily unique to the brand but may be shared with other brands. If the brand does not have these associations, they will not be considered. The quality of solutions within the frame of reference and in comparison with competitors will influence their chance of winning customers (Aaker, Points of Parity and Consumer's Brand Preference 2013).

The point of parity is about being a part of a group, having the required features of the group and knowing there is the need to stand out and be different. A new app may be developed to ease transportation in a location, but if they charge the user to download the app, there is no point of parity as in most cases, such apps are available for free download. Apple iPhone and Samsung Galaxy both have camera, touchscreen and run on an operating system. Therefore, a new mobile phone without those basic features will fail. Companies are now adopting more ethical practices, and a new brand not considering those features will not be well received by consumers.

These points of parity can either be based on the category of the brand, something unique to the category of the brand (driver signs up on app to indicate availability, users sign in on app to book driver) or competitive points of parity which are designed to negate a competitor's point of difference (Aaker 2013). This could be a function on the taxi app to allow a consumer to make an emergency call or iPhone and Galaxy running on different operating systems. This feature is an effort towards standing out in the crowded market, even though the brand is still part of the market.

4.3.3 Stage 3—Compelling Points of Parity

The standing out should, however, not be to the detriment of the brand and make financial sense. This means, any decision a brand makes to shine among equals must have a positive impact on the brand and the brand users. It must be a win-win situation for both. You may want to make a mobile phone with a battery that lasts for 48 hours, that makes you unique but if the phone weights 0.5 kg, it will not be appealing (Apple's iPhone 11 Pro Max is perhaps the most cumbersome smartphone, weighing 0.2 kg). People will instead spend time charging their phone rather than carry a massive brick around.

Therefore, in positioning their brand, the brand owner must ensure that their solution is not just unique, but that it is

- relevant to the problem,
- desirable to the customers and
- deliverable by the staff.

This desirable and deliverable unique solution highlights points of difference (PODs) for the brand in strategic positioning. It emphasises the features and attributes of the brand that consumers can associate with the brand. Consumers can say that this is not just another Uber or Lyft app; it is different because of this and that. Brands can take ownership of these exclusivities over other brands in the category. They can take pride in the fact that they are the only brand with such benefits when compared with all others brands in the market.

Balancing these conceptualising stages is essential for brand positioning. While the gap and need have been established, the point of parity should convince the buyer that it has the essential feature to meet their needs and at the same time has the point of difference to make it unique, stand out and be desirable. While we all need mobile phones with a camera (point of parity), we need a camera of a particular quality (point of difference). While we all need soft tissue paper (point of parity), we still want the tissue paper sources from a sustainable source (point of difference). Point of parity tells the customer that the product or service meets their basic needs. Point of difference tells them why the product is the best option over other brands that have basic features.

4.4 Brand Positioning Statement

There is always a call for brands to have a brand positioning statement; this is closely related to the idea of the brand philosophy. This is known to exist for big brands but not very often in the public domain, unlike their values and mission. While documenting a positioning strategy is relevant, it is important to note that brand positioning is more than just having a statement. It is about acting and taking responsibility.

I advocate for the inclusion of the brand positioning statement in the brand philosophy. This is a way for the brand to have control of the positioning. Since companies has limited control over how consumers perceive their brand, the companies need to provide a brand positioning statement to encourage and motivate their staff. The statement highlights what the company wants to achieve in terms of their position in mind of customer and at point of purchase. The statement should address the customers (target audience), the market (and how the brand differs from competitors) and it should be backed up by evidence that the positioning strategy is achievable.

Here are some examples:

- Disney provides *unique entertainment* for *consumers seeking magical experiences and memories*. Disney *leads the competition* by *providing every aspect of related products and services* to the world and appealing to people of all ages.
- Starbucks *offers the best coffee* and espresso drinks for *consumers* who want premium ingredients and perfection every time. Starbucks not only values every interaction, making each one unique, *but the brand commits itself to the highest quality coffee in the world.*
- For *individuals looking for high-quality beverages*, Coca-Cola offers a wide range of the *most refreshing options*—each creates a positive experience for customers when they enjoy a Coca-Cola brand drink. *Unlike other beverage options, Coca-Cola products* inspire happiness and make a positive difference in customers' lives, and the brand is intensely focused on the needs of consumers and customers.
- Alaska Airlines is creating an *airline people love*. Each day, we are *guided by our core values of own safety,* do the right thing, be kind-hearted, deliver performance and be remarkable at work and in our communi-

> ties. *Alaska Airlines also fosters a diverse and inclusive culture and is an equal-opportunity employer*.

In these examples, you see the audience—consumers seeking magical experiences and memories, consumers who want premium ingredients and perfection every time and individuals looking for high-quality beverages. You can also identify the market and the competitors—Disney leads the competition, Starbucks offers the best coffee and creating an airline people love. These are promises that the brands are making and instilling same into their staff to make sure every customer benefit from the promise.

It is important not to get tied down by the strategic need for a brand positioning statement, but to put actions in place to enhance positioning in the mind of the consumers. To make sure the promises are fulfilled. For those who want to have a brand positioning statement, that is all well and good, but it is important to note that it is more than just making a statement but rather, taking action to ensure that consumers are getting what they have been promised.

4.5 Importance of Brand Positioning

Often brand managers and owners may not fully appreciate the benefit of securing a place on that pedestal in the mind of the consumer, and they may think creating an appealing product and brand identities like a logo and a website are all that is needed for effective brand management. It is, however, paramount to recognise that securing a place in that coveted spot can add value to the brand. Though brand positioning takes effort, it is essential for brand management.

4.5.1 Direction

As with the brand philosophy and core values, brand positioning provides direction for the brand. It provides a common goal to appeal to the consumer and retain that space on the pedestal; the stakeholders can all work together to achieve that goal. This gives direction to everyone involved. For a brand that wants to position itself as an innovative and customer-centric brand, position strategy ensures that the brand's core values are communicated, they remain innovative and keep developing quality products, retail staff are well trained to provide quality service when engaging with customers in stores, and the aftercare team responds promptly (Mogaji and Erkan 2019). The objective is achieved when everyone follows the direction as described by the brand positioning strategy. The consumer experiences all this positivity at the touchpoint and begins to have a better perception of the brand. Even when things are not going as planned, the brand position strategy offers reassurance and a reminder of the brand direction.

4.5.2 Reputation

A brand that is well-positioned in the minds of consumers is considered reputable. This means, brand reputation has to do with views, opinion, beliefs and feelings of brand users towards a brand. Brand reputation refers to the way a certain brand (human or a company offering services) is viewed by other brands and their users. A favourable brand reputation simply means that brand users, people in the society, regulators and proprietors trust a brand, and feel satisfied using the brand's products, services or goods. It is also about brands wanting to associate with the consumers because they have shared ideas, worldviews or philosophies. Brand positioning helps the brand to articulate how the value they offer is different (Mogaji and Danbury 2017). Their reputations can create demand for the product and more positive associations. Other brands that recognise the positioning can develop a partnership to aid the brand. Adidas and Kanye West worked together because of the positioning of the Kanye Brand. Likewise, Adidas and Beyoncé worked together for the Blue Ivy clothesline. Reputable brands are trustworthy and reliable. Consumers can retain the brand in their mind with the assurance that it will never disappoint.

4.5.3 Increased Sales

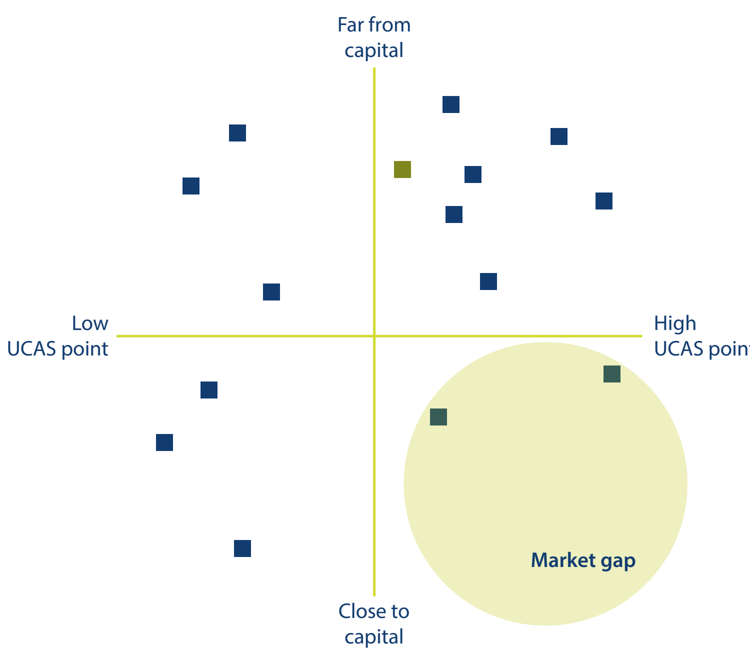
If a customer has a positive perception of a brand, it becomes easier to make a choice. If you like it, you will always automatically go for it, even though there could be many alternatives. Brand positioning makes it easier for consumers to choose because they can rely on the positive image they have of the brand. Brand reputation also helps brand users make informed decisions. The brand has highlighted its unique values, it has differentiated itself from others, and these features appeal to consumers. If consumers have a brand in their mind, they will recommend it to others, buy it for others and continually use it. This highlights the benefit of securing that space in customers' minds as it brings continuous and repeat purchases, thereby increasing sales and brand value.

4.5.4 Distinguished

Brand positioning strategies ensure that brands break through market clutter. With its points of parity and points of difference, its values and benefits are well highlighted and recognised. When consumers are swamped with options, a well-positioned brand becomes the preferred brand. Positioning ensures that the brand is easily distinguished among other competing brands. The brand can use their point of difference as a distinct feature. This makes the brand stand out in the market as well as in the customer's mind. These distinguishing features can also aid recall, especially at the point of purchase. It enables the brand to compete on value and not on price.

4.5.5 Meeting a Gap in the Market

Strategic positioning of a brand allows it to recognise and possibly meet a gap in the market. To explore its value and how it differentiates itself from others, the brand can look at the saturated areas of the market and areas which need attention. As illustrated in ▪ Fig. 4.3, a university positioning itself on distance (from the country's capital) and UCAS points for admitting students might discover that they are in the top right quadrant which is for those who are farther away from the capital and still requesting considerably high UCAS points. The university may, therefore, recognise a gap in the market for universities closer to the city and still accept-



▪ **Fig. 4.3** University brand positioning and market gap recognition. (*Source*: Author) ing high scores. It is not surprising to see universities in Sunderland and Newcastle, up in the north of England, opening campuses in London.

Filling the gap could also be a form of product extension. Nivea started as a skin cream which is "gentle" and "protective." They recognised their point of difference but were also able to see a gap in the deodorant market. They were able to build on the positive brand positioning to extend their brand and develop deodorant. Similarly, Shell is known for extracting crude oil, their negative impact on the environment is well known. They, however, have extended into the UK energy industry and provide 100% green energy. This brand is known for causing damage to the environment, but now, they have identified a gap in the market and are supplying sustainable energy.

Case Study 4.1: Beyoncé

Beyoncé is an American singer, songwriter, record producer and actress. She is one of the most recognisable figures in contemporary music. She is a brand. She has a position in the minds of people. In 2016, she launched the Athleisure clothing brand alongside Sir Philip Green, the chairman of Arcadia Group, a retail company that includes Topshop, Topman, Wallis and Dorothy Perkins. The arrangement was that the Athleisure clothing brand, Ivy Park, would be sold at Topshop.

In 2018, there were allegations that Sir Philip had taken legal action to prevent publication of complaints of sexual harassment of staff. There are indications that this may have affected the business relationship between the two partners.

Beyoncé had pressure from her fans and campaign groups to withdraw from the commercial partnership in response to the allegations against the businessman, arguing it was at odds with her stated principles. She had to end the business venture by buying him out of Ivy Park.

Beyoncé as a brand is well-positioned in the mind of the fans. She is well-liked. To maintain her position on that pedestal, she had to recognise and respect the wishes of her fans. This enhanced positioning has also brought other associations. In 2019, she partnered with Adidas to design and sell a gender neutral clothesline which includes shoes, clothes and accessories, mostly featuring signature Adidas triple-stripes and maroon, orange and cream.

Beyoncé recognised her brand position, and she did not take it for granted. She was able to manage the process of buying out a partner who may have affected her reputation. Her position remained intact and she was able to build another relationship with another brand. Adidas recognised her reputation and was able to associate with her to launch the Ivy Park clothesline.

Reflection Questions

- Why do you think it was important for Beyoncé to end the business venture?
- Do you think consumers and fans would appreciate Beyoncé's decision to end the business venture?
- How important was the brand positioning of Beyoncé in starting another partnership with Adidas?

4.6 The Changing Brand Positioning

While taking into consideration that brands may try to conceptualise their brand positioning, the actual position of the brand lies in the minds of the consumers. This location, however, does not stop brand owners from improving their effort to ensure a better brand position. There are possibilities for the brand position to move.

Here I describe the changing position along a spectrum from −100 to +100. While brands are making an effort to be innovative

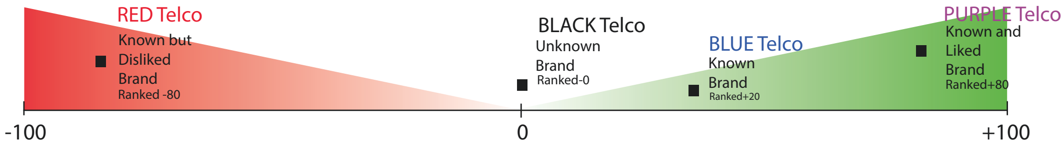


Fig. 4.4 The changing brand positioning—Stage 1—no action. (*Source*: Author)

4

and offer quality service, they have the potential to move along the spectrum and become more desirable. On the other hand, if brands are not improving their services, communicating their positioning and demonstrating their values at every touchpoint, they have the tendency to be disliked and ignored by people, especially the brand users.

4.6.1 Stage 1—No Action

Figure 4.4 illustrates four different types of brand that have not taken any action to enhance their positioning and how they are perceived in the minds of consumers.

- RED Telco—Known but Disliked Brand

The consumer is aware of this brand, remembers it, but has a negative memory of it. The customer may have used the service of RED Telco before but felt disappointed by the quality. The customer complained, but no action was taken. Again the customer asked for a refund, but the request was ignored. These actions banished RED Telco to a red and dangerous corner in the mind of the consumer. The customer disliked the brand because of their customer services, and the customer might not hesitate to share their negative opinions on social media. Even though the brand may keep advertising their offers and update their brand philosophy on their website, they are wrongly positioned in the mind of the customer.

- BLACK Telco—Unknown Brand

The consumer is not aware of this brand. With a lack of awareness, the brand does not have a space in the mind of the consumer. Perhaps this is a new brand entering the market or the country, and they have not done much publicity about their offering.

- BLUE Telco—Known Brand

The consumer has seen this brand around. There have been advertisements on social media and billboards to present unique features of this telecommunications company. Friends and family are using the mobile network, but they sometimes complain of poor network. The brand needs to improve its services to convince the consumer and move higher on the spectrum. The awareness and connection through friends and family may have helped the brand retain that positive perception in the mind of the consumer.

- PURPLE Telco—Known and Liked Brand

After a disappointing experience with RED Telco, the consumer has switched to PURPLE Telco, and it has been great so far. The consumer liked their offering, their customer service and the freebies that they offer. Even though they are more expensive, the consumer is receiving good value for the price. The brand is well-liked, and the consumer is willing to share their experiences with friends and family.

4.6.2 Stage 2—Action by Brands

In Fig. 4.5, the changes in brand positioning are presented after the brands have taken action to enhance their brand positioning. We can assume this to be after a year. It is important to note that these actions could have both positive and negative impacts on the brand.

- RED Telco—Known but Considered Brand

Hypothetically, last year, this was a known but disliked brand, however, things have changed with the brand. New management

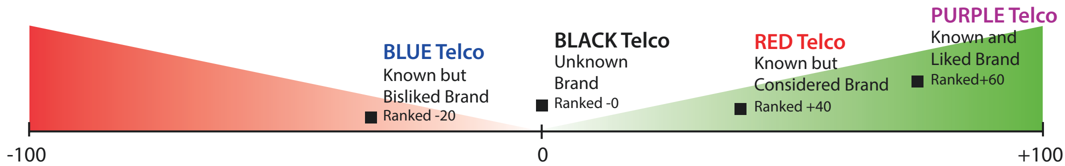


Fig. 4.5 The changing brand positioning—Stage 2—action by brands. (*Source*: Author)

came on board and started a new strategic direction. The brand reached out to their previous customers; the brand informed them about the changes that had occurred within the organisation. They communicated their new position to the stakeholders. The brand was able to further integrate their brand through advertising, marketing communication, public relations and engaging in social responsibilities. The customer recognises these changes, starts reading reviews and comments to friends on how RED Telco has changed. The brand that was in the red zone last year can then move to the green zone and become a considered brand. Remember PURPLE Telco is still on the pedestal as the preferred brand, but RED Telco will have to be consistent with their brand positioning strategy to retain a favourable position in the mind of the consumer.

- BLACK Telco—Unknown Brand

The consumer is still not aware of this brand. They have not done much to position themselves. Therefore, while others are moving along the spectrum, they have not moved.

- BLUE Telco—Known but Disliked Brand

This was the brand that was previously in the green zone of positive attitude last year. Perhaps because of their poor customer service and mobile phone network, the consumer no longer likes the brand. The fact that family members had to change their lines because of the company's bad network may have contributed to this dislike. Unlike the previous RED Telco, which was in a deep red, Blue Telco is not in the deep dislike zone, but the brand needs to be strategic in their positioning lest they get ignored.

- PURPLE Telco—Known and Liked Brand

Still, the liked and preferred brand, but their position on that pedestal is being challenged. Their positioning is reducing in the mind of the consumer. This reduction could be because they are not innovative and creative with their product development and service quality. They are getting lackadaisical about their services and not providing excellent value for the high price they are charging. The consumer is watching, waiting for the contract to expire and they may consider an alternative.

4.7 Enhancing Brand Position

Brand position is the brand user's perception. Brand positioning can mostly be seen as the conceptual place or position that a brand wants to own in the target brand users' mind — the benefits or advantages that a brand wants the brand users to think they could get from the brand whenever they think of a particular brand. It should be realised that an effective brand positioning strategy will maximise customer relevancy, offer competitive distinctiveness and maximise brand value. This will help the brand to continually grow and make more profit. The brand owner must try to ensure that the brand is well-positioned in consumers' minds. The brand owners may not know their exact positioning, but they should aspire to make sure their brand is well received. The brands cannot create this brand position, and they do not have access to the pedestal in the customer's mind. Instead, the brand can work on enhancing their position. For a new brand, like BLACK Telco in the previous illustration, the consumer does not know about it, and therefore they have not placed it on any pedestal. As brands move along the spectrum, they have the responsibility to enhance positioning. Here are a few steps brand owners can follow in order to do this.

4.7.1 Brand Philosophy

This follows on from the previous chapter where we saw brand philosophy as a guiding principle and foundation of the brand. For a brand to stand out from the competitors, they must have a philosophy that reflects this. They must be able to show that they are striving to be different. The brand philosophy can reflect creative and innovative product development and quality service delivery (Hakala et al. 2011). The brands make promises, they publicly declare those promises, and stakeholders are on board to deliver them. The more those promises are delivered, the more experiences are enhanced, thereby ensuring a positive attitude towards the brand and better positioning.

4.7.2 Research

Research is an integral part of brand management. At every stage of the management process, research is needed. Likewise, in enhancing the brand's positioning, it is essential to recognise the role of research. To identify the uniqueness of their brand, to understand how consumers are perceiving and recognising their brand, the brand needs to understand its present position. The brand needs to know if it is desirable to customers. The brand needs to know if they are recognised in the market, liked or disliked. The research should uncover a lot of insights about the company, which will be relevant in developing their positioning strategy. The brand needs to know how they can beat their competitors in product design or service delivery. They need to recognise their capabilities, and how to meet those demands. Perhaps they will require extra staff in the store or need to hire more designers to work on the product.

4.7.3 Critical Evaluation of the Brand

The brand manager needs to take responsibility for the critical evaluation of the brand to develop a positioning strategy. This may follow on from the research which explores the consumers' perception of the brand. The brand managers need to recognise their present position and know where they want to be. The brands need to know what they offer and how they can be shaped to enhance their position. This critical evaluation should involve talking to the stakeholders to understand what the brand stands for and what is unique about it. For example, there could be many charity organisations providing support for developing countries, how would a new charity position itself to work in that sector? It is essential to make sure that such questions are answered before moving forward.

4.7.4 Product Development

Brands that want to be perceived as reputable brands must have evidence of their worth. They can demonstrate this with product development. By being creative and innovative and. offering products that no one else is. Their design might be unique, so everyone wants to be associated with it. One of the reasons why Apple is well-positioned in their customers' minds is because of their innovative products. The iPhone is recognised and appreciated for its design and functions. While there may be other mobile phones on the market, the iPhone has a special connection with people. The phone symbolises luxury and modernity, hence users continue to key into the brand's philosophy and buy its products.

4.7.5 Service Delivery

For those brands that may not be creating products, they can enhance their brand positioning through quality service delivery. This is about creating an experience for the customers. The consumers engage with these brands, and they feel satisfied with their experience, and so are willing to tell their friends about it. Why do you always want to go to that bar, fly that airline or go to that salon? It is about how they made you feel, the aura and experience of their service. The conscious effort of the brand owner to go beyond the usual service offering is an effort towards creating that brand positioning. An example here could be the service experience at Starbucks, there is a sense of belonging and association with the brand, while there may be many coffee shops, there is something different about Starbucks' coffee served in comfortable surroundings by attentive staff and ensuring a personalised experience.

4.7.6 Consumer Engagement

This positioning strategy goes beyond product development or service delivery, price development or service delivery; it is about how the brand engages with the consumers. Understanding the customer's experience and behaviour, tailoring the engagement and recognising the consumers as individuals. Patterson et al. (2006) define customer engagement as the level of a customer's physical, cognitive and emotional presence in their relationship with a service organisation. Vivek et al. (2012) argue that customer engagement is a relationship beyond purchase, highlighting the intensity of the consumer in participating and connecting with the brand's offerings and activities initiated by either the customer or the brand. Hollebeek (2011, p. 786) describes "customer brand engagement" as "the level of a customer's motivational, brand-related and context-dependent state of mind characterised by specific levels of cognitive, emotional and behavioural activity in brand interactions."

It is necessary to ensure consumers are happy and feel positive while engaging at different touchpoints. This engagement could be ensuring that the delivery is sent out on time, and emails and phone enquiries are promptly attended to. Consumers want brands that are responsive even within the busy schedule. Brands that can offer this personal and adequate level of engagement are better positioned in the mind of the consumers. These are brands that are more likely to be recommended and revisited by customers or brand users because they have a positive perception of the brand developed from their previous positive experience with it.

4.7.7 Brand Identity

This is a physical representation of the brand which can also enhance a brand position. The consumer needs to feel a sense of connection with the elements of the brand in order for the brand to gain a position in the consumer's mind. The identity could be a form of luxury, and consumers may find this appealing. The identity is not just about the logo, but it could also be the product design or the store layout (Wayne et al. 2020). The Tesla Cybertruck may have an awkward shape, different from the usual truck that the consumer has seen, but that is a unique identity for Tesla, which makes the vehicle more valuable than others. The sustainable packaging used by a brand may be what is required for the brand to be positioned on that high pedestal in the mind of the consumer (Magnier and Schoormans 2015). The identity of the brand can indicate how much effort the brand is making to ensure a positive positioning in the minds of consumers.

4.7.8 Communication

This is a creative strategy to influence the brand's positioning. If the message is not clear, and consumers do not feel any connection, the position is not established in their mind. The brand invests resources in creating marketing communications to convey the value of the brands (Keller, Unlocking the power of integrated marketing communications: How integrated is your IMC program? 2016). The aim of these marketing communications is to remind and reassure the consumers about the place of the brands. They can be very expensive, and this gives the global brand an advantage as they can advertise around the world and keep people aware of their product. This should not, however, limit a brand with a smaller reach to effectively plan their communication strategy and engage with the consumers. This marketing communication can also involve other forms of promotions such as using social media influencers, celebrity endorsement and public relations (Wang et al. 2020; Gökerik et al. 2018). Managers can use these strategies to influence consumers' perception of their brands.

4.8 Who Is Responsible for Brand Positioning?

The brand positioning is in the mind of the consumers; however, both the consumer and brands are responsible for enhancing and shaping this position.

4.8.1 Consumers

Consumers are the entities that buy and use the products or services of an organisation. Consumers determine the position of the brand. They have experience in comparing the brand with many others, they have engaged with the brand's staff and messages, and they have formed an opinion about the brand. It is also important to note that this brand position may not be for a homogenous customer base. While some individuals may not like a brand due to their personal experiences, many may like the brand.

Mogaji (2018) illustrated this with a survey of attitudes towards financial services. Participants from China who had come across HSBC had a positive attitude towards HSBC when they got to the United Kingdom. Likewise, participants from Nigeria had a positive attitude towards Barclays Bank because of their past experiences in their home country. It was not surprising, however, to see that some people in the United Kingdom had a negative perception of these banks. Barclays was forced to pull out of South Africa in 1986 after protests against its involvement during the apartheid regime. While some may like Barclays, many still do not like the brand because of their experience. Consumer perceptions are relative and depend on their experience. Nevertheless, it is essential to ensure that the majority of the consumers have a positive experience at every touchpoint in order to enhance positive attitudes towards the brand.

4.8.2 Brand Owner

While recognising that consumers dictate the position of the brand, the brand owners/ brand managers have the responsibility to ensure that they do everything possible to ensure that their brand's position in the mind of the consumers is high, right on that covered pedestal. This involves ensuring effective communications of the brand positioning, engaging effectively with stakeholders and making sure every customer at different touchpoints is served very well.

The brand manager is also responsible for dealing with any issues that may affect the reputation of the brand. The brand manager is expected to avoid scandal and anything that may tarnish the image of the brand. It is important to note that once the reputation of the brand is damaged, a customer might replace the brand with another one on the pedestal. The staff also contributes to the positioning of the brand, and they are expected to follow the brand's guiding principles, to ensure that consumers are well served, and that innovative products and services are designed and delivered. These actions can shift a brand position from a disliked brand to a considered brand, and similarly, such an action can move a little known brand to a disliked brand.

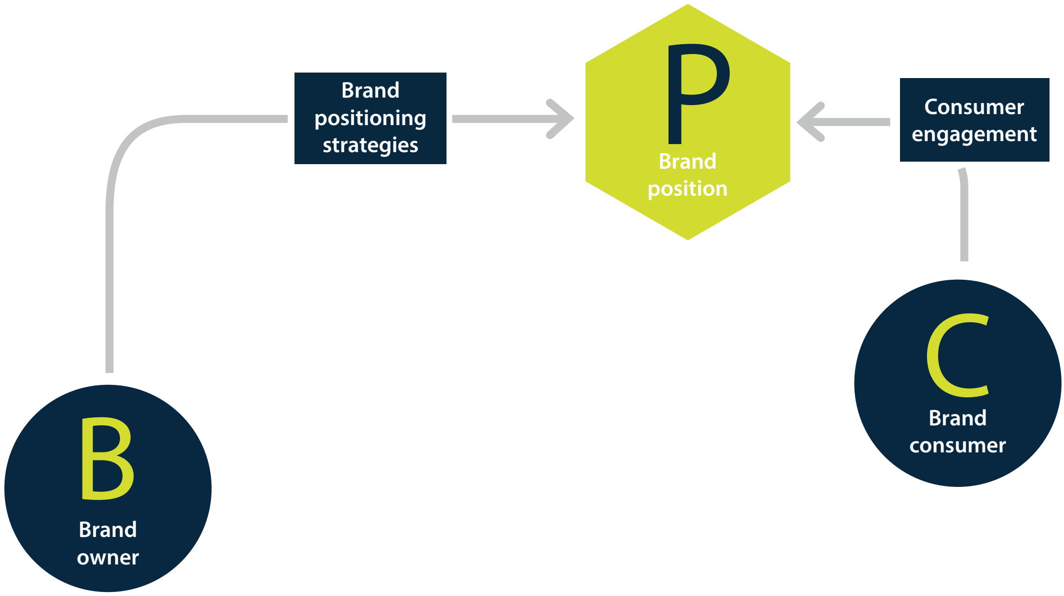


Fig. 4.6 Brand owner and brand consumers with joint responsibility towards brand positioning. (*Source*: Author)

As illustrated in Fig. 4.6, both brand owner and customer have a role to play in developing the brand position. The brand comes up with various brand positioning strategies such as product development and marketing communication. The consumer, on the other hand, engages with these brand position strategies presented by the brand owners. From those engagements, the brand position is shaped. It is essential to remember that this act tilts more towards the consumers and their level of engagement. Brands may have to keep trying, and consumers have the final say of the position.

4.9 Challenges of Brand Positioning

It is not possible to satisfy every consumer. That is why not everyone in the world is using an Apple iPhone. Though it might be sleek and beautiful, some people have vowed never to use an iPhone, and likewise, some people have stopped using the iPhone. This highlights challenges for the brand position, especially as brand managers must deal with customers who are human and are bound to change. The brand must however try always to satisfy their brand users at all times. Some of the challenges are discussed below.

4.9.1 Consumers Are Subjective

Consumers may not necessarily be convinced by a brand positioning strategy. Humans are not easy to satisfy; there are changing consumer behaviours, lifestyles and expectations which present challenges for brand managers in their effort to position their brands. While effort may be made to enhance the brand's perception, this may not always go down well with the customers. There could be those who feel they cannot trust the brand's strategy and therefore convince others not to trust them either. Likewise, there are situations whereby a little effort from the brand can ensure a better brand position.

Case Study 4.2: Fitness Central, Nigeria

A Twitter user shared a video of the CEO of Fitness Central, located in the Lekki area of Lagos State Nigeria, yelling at a supposed customer. @ChallengerNG tweeted: "Here is the CEO @FitnessCentNG Lekki, Apparently, a customer had a complaint and took it forward to him, but he did not like the way he went about it. So, he reacted as seen in the video by being dramatic, loud and close to being violent in front of other customers."

Instead of the Twitter users complaining and boycotting the fitness centre, it was the other way around. Twitter users instead questioned the handle that tweeted the video, asking for an explanation of what transpired between the CEO and the supposed customer, which led to the outburst. The handle that posted the viral video received backlash, and many people belied the handle has not released the customers' altercation with the CEO. There were comments which suggests that the CEO would not have reacted like that unless he has been very provoked. Many people decided to follow the @FitnessCentNG account. Within 24 hours, the number of followers moved from 600 to over 6000. Twitter users were in solidarity with the brand. Twitter users tweeted that people should stop telling a one-sided story. Asking for the full story, they commended the CEO's energy and confidence.

A typical video of a CEO yelling at a customer would have gone viral and caused massive damage to the reputation of the brand, but in this case, people demanded the background to the story. They were more eager to know what exactly transpired between the customer and the CEO. The increase in followers demonstrates that the Fitness Central brand has been placed on a higher pedestal; the brand is now even better positioned in the mind of the consumer than before the video went viral. This suggests that customers may be subjective in their engagement with brands and how they position the brand in their mind. After all, we are all humans.

Reflective Questions

- How do you understand the subjective nature of consumers?
- For what reasons could a brand owner get angry with a customer despite the impact this could have on his brand?
- A typical video of a CEO yelling at a customer would have gone viral and caused massive damage to the reputation of the brand, but why do you think consumers wanted more background to the story?

4.9.2 Competing Attention

Brands need to recognise changing consumer behaviour. There are many things competing for consumers' attention. Many consumers do not even have a pedestal for any brand, and they cannot be bothered to be loyal to any one brand. Many other commitments squeeze out the position of the brands in the minds of consumers and in some cases, the brands are removed. Advertisements try to raise brand awareness and consumers skip them. There are opportunities to try products before buying, and consumers may feel they are being tempted into spending their money. While brands are making this effort, consumers are mindful of how they engage with brands, especially those that do not align with their values.

4.9.3 Competing Brands

In addition to many other factors competing for consumers' attention, there is brand competition. Even as many brands are trying to stand out and improve the brand position, many other brands are doing likewise (Bagga et al. 2016). This competition brings a challenge for brands with regards to their positioning. Some brands may want to deliver on price and feel they are compromising on quality, while some may focus on quality at the expense of price. With that, consumers are therefore spoilt for choice of what and where to buy.

The now-discontinued OS Symbian was the first popular smartphone operating system in the world. However, they were driven out of the market as new operating systems were released. Google introduced android in 2007, and it has become the most popular smartphone operating system in the world. Since its release, sales of smartphones running on android have grown sharply over the years. Apple's iOS is the second most popular operating system for smartphones. These competitors posed a challenge for OS Symbian, which it could not withstand, and it was discontinued.

4.9.4 Financial Limitation

It takes financial commitment to ensure quality service delivery and product development. For brands that do not have the financial resources, it could be a challenge for them to position themselves and compete with more prominent brands. Amazon ranked as America's fourth-largest advertiser in 2017, up from number 8 in 2016 and number 70 in 2010. In 2018, Amazon spent an estimated $3.4 billion on US advertising and promotions, up 28%. Amazon spent more money advertising itself in the United States last year than General Motors, Ford and Walmart (Doland 2018). These are examples of effort towards creating awareness of the brand and enhancing its position. It may not be financially viable for small brands to spend so much on advertising. However, it is better to start small, be consistent and remain faithful to the core values and philosophy of the brand. Most of the big brands also started with limited financial resources.

4.10 Considerations for Brand Positioning

Here are some key considerations for brand managers working on the process of improving their brand's positioning in the minds of consumers.

4.10.1 Process

The brand manager needs to recognise that brand position is a process (Koch and Gyrd-Jones 2019). This process does not stop at any point in the brand management cycle. It requires regular monitoring, research and evaluation to know how the brand is being perceived and how it can be further enhanced. This is an integral part of the brand management process (Maarit and Keränen 2014). The brand manager must recognise that it is a team effort; many other people will be involved in the process (depending on the size of the brand). It is hard work and results may not appear immediately; consistent and proactive effort is, however, encouraged.

4.10.2 Consumers' Expectations Can Change

While taking into consideration that the consumers make the ultimate decisions about the brand position (Priporas et al. 2017), it is essential to keep in mind that humans can change. Consumers' expectations can change as well. Perhaps if the consumer does not have the financial capabilities to buy a preferred brand, they might consider another one. If the considered brand serves the purpose, and it is further enhanced through effective communication and service delivery, that brand may end up replacing the initially preferred brand on that pedestal. Likewise, the brand integration strategies of the brands, including their product development, customer service and communication can also influence the expectations of the consumers. When a brand begins to demonstrate capabilities, consumers' expectations may change.

4.10.3 Brand Position Changes

This is also closely related to the changing expectations of consumers. Brand position can change as a response to consumers' changing behaviour. Brand positioning is dynamic. It is, however, essential to recognise that while a brand position can increase, it can also decrease. Recognition and respect for that brand placed on that pedestal in the mind of the consumer may be lost and not regained. Many years ago, the Blackberry Messenger was on that coveted pedestal, but for many people, it was replaced by WhatsApp. This messenger, once positively received, now no longer exists. These changes should be an indication for brand managers that they ought to regularly evaluate the position of their brands, work with stakeholders, be innovative and respond strategically to changes. If they do not do this, the brand will be forgotten.

4.10.4 Brand Reposition

Managers should be aware of the possibilities of repositioning their brands in the minds of consumers (Jowitt and Lury 2012). This may be due to mergers or acquisitions or due to a new strategic direction. Many car manufacturers like Volkswagen (with the e-tron brand) are investing in electric cars because they want to reposition their brands through product development, responsible business practices and sustainability.

4.10.5 Positioning Statement

It is essential to recognise the value of a positioning statement. I recommend its inclusion as part of the brand's philosophy. The positioning statement builds on the idea of the brand philosophy and demonstrates to the stakeholders how the brands want to be seen. This is useful for the staff who are working with the brands and the consumers engaging with the brands. There are, however, possibilities that these positioning statements may not align with the expectations of the consumers (Woods 2020). The brands need to identify this possible incongruity through research and shape their business practices to address it to the best of their capabilities.

4.11 Conclusion

A well-positioned and successful brand must try to stand out in a competitive marketplace. To be well-positioned in the minds of the consumers, brands need to keep improving on their product development and service quality. They need this progress to retain a space in the minds of consumers. Many brands are competing for the attention of consumers and brands need to recognise that it is about building up experiences, brand trust and loyalty. They need to be aware of what makes them unique and effectively communicate and demonstrate it. Consumers must see that the brand's promises are being fulfilled.

Regardless of the brand's actions, the positioning is what the consumers' think of it. Human nature is a limitation; brands must recognise that they cannot be everything for everybody. They need to rely on their brand philosophy, core values and beliefs to deliver products that consumers can engage with.

There may be limitations due to the size and age of the brand. While more established brands may have a better position in the minds of consumers, brands can evolve and improve on their position. Though it may take a long time, it is worth doing. This is because the positioning will ensure a unique brand, it will build a positive association and ensure the brand's reputation.

The process of brand positioning is not an easy task, and it is a long-term project. The brand works towards recognising their sustainable competitive advantage (SCA) and integrate their values over a continuous period (Mahdi et al. 2019). Even though a consumer's behaviour may change, communication is essential (Miao 2019). The brand should not hesitate to work on its brand positioning strategies continuously. Consumers are watching, and they are observing brands that align with their values; they are considering other brands as well. Very soon, they may replace the brands on that coveted pedestal in the consumers' mind.

Key Points

- Brand positioning is what the consumer thinks it is. Based on their experience and interaction, they put the brand where it belongs in their minds—either in a place easy to remember for next purchase or in a place forgotten in the back of their mind.
- The brand owners and brand consumer create the brand position.
- The brand position can change. It is a dynamic concept.
- Brands should not be lackadaisical; they need to recognise that there are other competing brands.
- The brand should continually and proactively communicate and engage with consumers.

▶ Student Activities

1. Which brands would you consider to be on the pedestal in your mind?
2. Can you identify examples of brand positioning strategies?
3. Can you differentiate between point of parity and point of difference?
4. How would you expect a new brand to compete with more established brands in the minds of consumers?
5. How vital is communication in brand positioning? ◀

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Brand Identity

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Sam and Alex are in the locker room at the gym. Sam says that Code is going to come in soon. Code arrives. Alex wonders aloud how Sam was so sure, and Sam answers that they recognise the sound of Code's footsteps, as everyone's footsteps are different. The sound of footsteps is a part of someone's identity, something you can recognise them by. When Sam mentions identity, Alex decides to start a conversation about brand identity. Alex tells them they are meeting a friend later who is going to design the logo for their company. They say they do not want the typical images of books and children on the logo, that they want something unique. Code asks if the friend is a professional brand identity designer, to which Alex answers that they found the designer on a freelance site and that they had talked about colours, values and interest before deciding on a design. Alex then asked Sam's opinion, who notes that it depends on the size of the brand and what identity they want to exude. In Sam's case, the packaging of their new product was a brand identity that took six months to complete. Sam advises Alex to keep going with the friend and to share the design with them when it is finished.

This story presents the concept of brand identity and the fact that it's not limited to big and global brands. The small and new charity being founded by Alex deserves a logo, a form of identity to make the charity recognisable. This identity is shared on the website, social media and even business cards. It is also important to note that brand identity is not just about logo. Packaging of a product is a form of an identity for brands. The product produced by Code will require packaging that makes it different from many other competitors. The design of this identity may pose a challenge, depending on the size of the brand. Alex can get a friend to design the identity, but Sam may not be able to get a friend to design a multinational brand identity. This chapter explores how brands can create an identity and ensure it adds value to their brand.

5

Overview

Brand identity is one of the most exciting components of brand management, and it presents physical elements that consumers can recognise as they engage with a brand. This component moves beyond the brand philosophy, values and positioning, which can be deemed as abstract. The identity is real, and it has become an integral part of brand management. Brands spend a considerable amount of money to develop an identity for their brand to appeal to a diverse audience and make them stand out. Brand must maintain a positive identity. This investment by brands and consumers' interest further highlight the value of brand identities. The brand owners know consumers want to identify a brand; the brand recognises the need to be different and still be recognisable. It is, however, essential to note that brand identity is more than just a logo, though the logo usually grabs the attention. This chapter presents a holistic insight into brand identity, presenting it as elements that can be experienced through five human senses.

Key Question

What are the physical elements that distinguish a brand and make it highly recognisable?

Learning Outcomes

At the conclusion of this chapter, you will be able to

- describe the concept of brand identity;
- give examples of misconceptions about brand identity;
- recognise the concept of brand name;
- describe the constituents of brand identity; and
- explain the key benefits of creating and having a strong brand identity.

5.1 Introduction

We are surrounded by brands. We recognise these brands based on their identity. As previously suggested, anything can be considered a brand! The carrot I uprooted from my garden is a brand, but what differentiates this from what you buy from the store is the brand identity, which is part of brand management. The carrot you bought in the supermarket has been given an identity which makes it different and distinguishes it from many other carrots around the world.

Brand identity is one of the most exciting components of brand management, and it presents physical elements that consumers can recognise as they engage with a brand. Imagine the structure of a building, there is a foundation hidden below the ground. We know it exists but we don't see it, unlike the windows, walls and roofs that are very visible. As illustrated in Fig. 5.1, brand ethics, brand philosophy and brand positions (covered in the previous chapters) are like the foundation of the brand. You know a brand has a mission and vision, it is on their website, somewhere around the "About us" page, but it is not readily available like their logo. The foundation is the unseen, the inherent representation of the brand while the structure is the seen, and the visible and physical representation of the brand. The brand philosophy, values and positioning can be considered abstract, though very important. The brand identity is real, and it is an integral part of brand management.

5.2 What Is Brand Identity?

Barnett et al. (2006) describe brand identity as the core of the brand and what defines the brand. Brand identity is the internal perspective of the brand created by the brand management team before presenting it to external stakeholders (Balmer and Greyser, Corporate marketing: Integrating corporate identity, corporate branding, corporate communications, corporate image and corporate reputation 2006). Black & Veloutsou (2017) consider brand identity as the set of unique brand associations that producers aspire to create or maintain and the symbols, they use to identify the brand to people. I define brand identity as any form of physical element that can be used to recognise a brand.

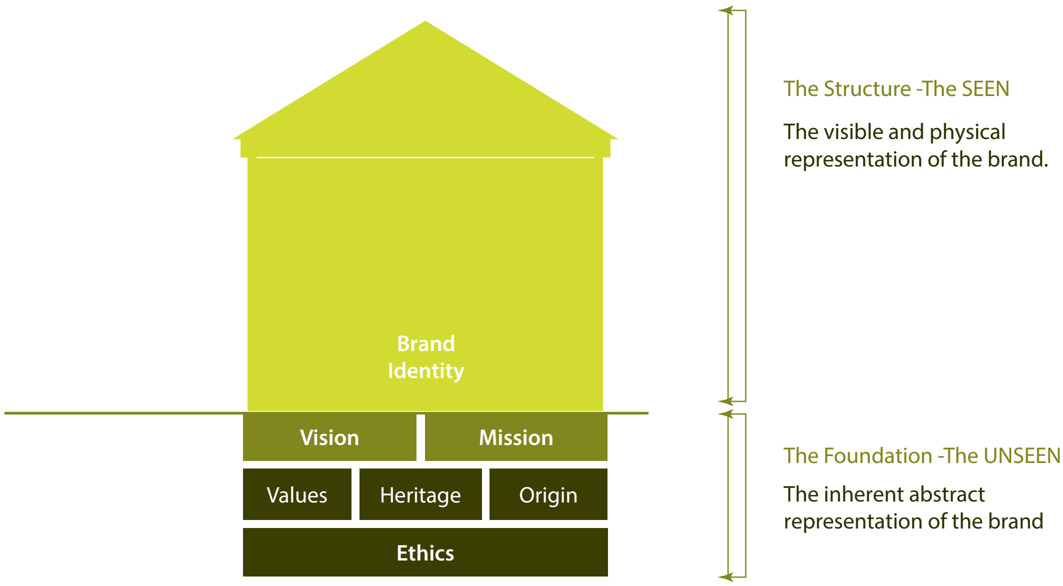


Fig. 5.1 Conceptualising the building structure of a brand. (*Source*: Author)

Brand identity is about giving specific and customised physical elements to the brand, which sets it apart from others. Brand identity supports, expresses, communicates, synthesises and visualises the brand. Consumers can engage with brand identity by touching it, holding it, hearing and watching it move. Brand identity helps customers cut through the proliferation of choices. The brand personality, through its philosophy, core values and positioning are expressed through brand identity.

5.3 Misconceptions About Brand Identity

Before proceeding with a detailed exploration of brand identity, it is essential to highlight and discuss some common misconceptions about brand identity. Discussing these misconceptions will ensure that we are engaging with this topic with a mind open to creativity and possibilities.

5.3.1 Brand Identity and Corporate Identity

These terms can often be confused, as they may seem like the same thing, but they are different. Corporate identity is a subset of brand identity. Corporate identity is a broad term referring to "the set of meanings by which an object allows itself to be known and through which it allows people to describe, remember and relate to it" (Rekom 1997). While most attention on branding has focused on big corporations, the idea of corporate identity has often been well accepted. Corporate identity refers to how a corporate organisation can be identified. However, it is essential to remember that brand is more than just a corporate organisation. Branding is not limited to Google, Apple or Coca-Cola. Humans are brands with their identities (Mogaji et al. 2020). Events like the Olympics and FIFA World Cup are brands with identities (Rutter et al. 2019). Charity organisations are brands with identities (da Silva et al. 2020). Therefore, brand identity is the umbrella term instead of limiting knowledge to corporate brands alone. This concept does not suggest that corporate brands are not essential, but all sectors have brand identities as well. In advanced brand management studies, there may be a specific focus on corporate branding and identity.

5.3.2 Brand Identity and Logo

While the logo is an integral part of brand identity (Walsh et al. How to successfully introduce logo redesigns 2019), it should be noted that there is more to brand identity than a just logo. The logo is one of the many ways to recognise a brand. You can recognise brands by their colours, staff uniform or the design of their advertisements. These are all creative output that present a form of identity for a brand. The product design and the layout of the store are also a form of identity. In general, brand identity should be considered from a sensory point of view. Consumers engage with brands using all human senses. This concept of sensory branding will be discussed in the subsequent section. Brand identities should involve things that can be seen (not limited to logos or graphical elements), heard (sound logo at the end of advertisements) or touched (product shape and design), tasted (unique taste of the burger) and perceived (the fragrance in a shop).

5.3.3 Brand Identity and General Acceptance

There is the idea that brand identity should be well received and generally accepted to make it a strong identity. While this is essential, it should be noted that it may not always be the case (Walsh et al. How to successfully introduce logo redesigns 2019; Kelly 2017). While brands endeavour to carry out research and design an identity that will appeal to everybody, this may not be possible. Consumers are humans, and they can be subjective. We all have our interests and can transfer these desires into how we expect a brand identity to be. King's College London wanted to remove "College" from their name and be known as King's London, but they had to drop the plan following a backlash from students, staff and alumni (Grove, 2015). Loughborough University had to abandon their initial idea for a simple logo comprised of the letters "L" and "U" in white on a pink octagon, which was roundly rejected by students, graduates and local people (Rush 2015).

GAP changed its logo in 2010. Unveiling the new design, Marka Hansen, president of Gap North America, said it was more contemporary and current, honouring the "heritage through the blue box while still taking it forward." However, just six days after putting their new logo out into the public, Gap performed possibly one of the fastest branding turnarounds of all time when they reverted to their original design because it was not well accepted by the customers (Hardy 2020).

The London 2012 logo caused a storm at its launch in 2007. Designed by International branding consultancy Wolff Olins, it was criticised for its garish colours, aggressive shapes and dodgy typography. Some thought it looked like a swastika (Rawsthorn 2010). It, however, withstood those challenges. Though it did not appeal to everyone, it was well integrated. Therefore, brand managers should be aware that their brand identities may not appeal to the general audience. Nevertheless, an effort should be made to effectively convey the brand values through an identity that consumers can relate to.

5.3.4 Brand Identity and Rebranding

Brands often change their identity in rebranding exercises, but it is, however, essential to note that it is not just about changing the brand identity or changing the logo. Companies can rebrand without changing their brand identities. Though changing the logo is the most glaring evidence of rebranding (Wayne et al. 2020), there are possibilities for a brand to reposition its values and philosophies in their rebranding exercise without changing their logo (Koch and Gyrd-Jones 2019).

5.4 Brand Identity Prism

It should be noted that the brand identity prism is different from brand image or logo. The brand identity prism is a concept by Kapferer (2015). According to him, any brand can be identified by its characteristics. The Brand Prism is represented by a hexagonal prism which defines six characters of a brand.

The identity prism allows us to examine any brand in detail to detect its strengths and weaknesses. It will put each facet of the brand under the microscope and come up with diagnoses. Brand identity can be termed as those items or characteristics that are quite visible while thinking of a brand. These items or characteristics such as logo, colour, design, identify and distinguish a specific brand in the consciousness of other brands and brand users. The model is also useful for analysing competitors.

5.4.1 Physique

An exterior tangible facet is communicating physical specificities, colour, form and brand qualities. The physique is the starting point of branding, and therefore it forms the brand's backbone. The sum of a brand's essential characteristics constitutes its physique. What is the product? What does it do? How does it add value to customers? How does it fill the gap in the market?

5.4.2 Relationship

An exterior facet. A brand has relationships with its customers and frequently offers possibilities for interpersonal exchanges.

5.4.3 Reflection

An external intangible part of the brand's identity that reflects what the customers wish to be a result of using a brand. A brand reflects its customer's image and becomes a means of identification.

5.4.4 Personality

An internal facet. A brand has a personality, and with time, it can develop character. An easy way to bestow a personality on the brand is to give it a spokesperson—human or animal.

5.4.5 Culture

An internal facet. Each brand has a culture from which all products within the brand frame originate. Specific values and principles will follow from the culture, and it is these values that will bind the customers (e.g. HSBC's "The World's local bank").

5.4.6 Self-Image

An internal facet. This reflects the customer's attitude towards the brand. Consumers create a picture of themselves through their attitudes to the brands they use. They get attracted to those brands in which they see their traits, for example, a dynamic young man may prefer BMW to Volvo. This goes hand in hand with brand personality (Fig. 5.2).

5.5 The Brand Name

The brand name is the most significant form of a brand identity. Simply by the name, the brand can be recognised. Hence, the perfect brand names do not have to describe anything

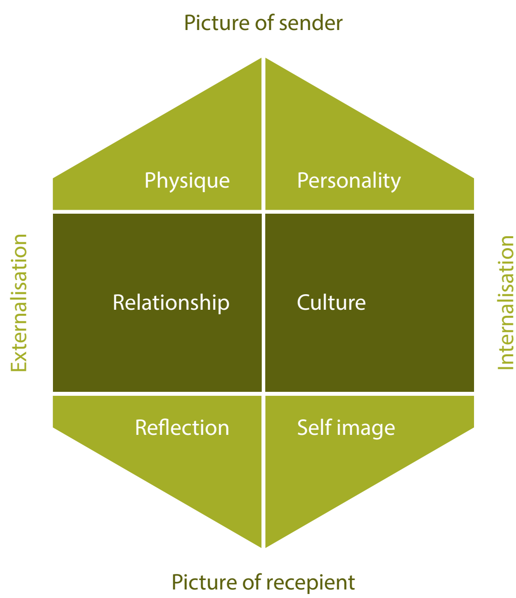


Fig. 5.2 Brand identity prism. (Adapted from Kapferer (2015))

or the brand. The brand name should stand for a concept, philosophy or the specific idea that the brand represents. It should be noted that the words used to create or represent the brand name can give the brand an emotional appeal. The brand name is needed for a transaction, and it is used for advertisements and social media. Getting the name right is essential for effective brand integration and management. The name can make a brand stand out from competitors, and it can create a buzz and sense of excitement about the company. If you get it right, the brand becomes a household name (or even a verb) like Google, Hoover and Uber.

5.5.1 Understanding the Structure

A business name may also mean a brand name, but they can be different. For a small business, their business name may also be used as a brand name, but for larger organisations providing different services or with different products, they may have a separate business name from a brand name. For example, Alphabet is the parent company of Google, and you hardly see Alphabet as a brand that is integrated and communicated, this is because it is a business name while Google, Deepminds, YouTube and Waymo are brands owned by Alphabet.

Likewise, Unilever is a business name while Axe/Lynx, Knorr, Lipton and Magnum are brands of Unilever. In some situations, the full legal name of a business may not be often used for brand integration. Instead, the organisation may decide to go for a shorter version. The legal business name of Anglia Ruskin University, a public university in East Anglia, United Kingdom is Anglia Ruskin University Higher Education Corporation. London School of Economics and Political Science is popularly known as LSE while Imperial College of Science, Technology and Medicine is also known as Imperial College. Registering a brand name as a trademark is not the same as registering a company name as a business entity. The brand owner must formally register their business name as a legal business name with the country authorities, to file records and accounts and pay taxes.

5.5.2 Deciding on the Name

Depending on the brand you are working with, and your position within the organisation, your role in deciding and developing the brand name as an identity, may be limited. If you are a brand owner, you may decide to name the brand after yourself (Hewlett-Packard, Walt Disney), to describe what you do (London North Eastern Railway is a British train operating company owned by the Department for Transport) or an acronym (The International Business Machines Corporation (IBM), an American multinational information technology company).

Lischer (2020) presents seven popular types of brand:

1. Descriptive—E*Trade
2. Evocative—Nike
3. Invented—Xerox
4. Lexical—Krazy Glue
5. Acronym—IBM
6. Geographical—Arizona Tiles
7. Founder—Boeing

This list is not a definite answer to the challenges of creating a brand name (Low and Blois 2002), however, in deciding a brand name, it's a good idea to consider it in alignment with three concepts.

5.5.2.1 Aligning with Brand Philosophy

In deciding the name, it is essential to build on the brand core values and positioning that we have previously covered. Those are the foundations of your brand, and therefore the brand name must align with those values. If your foundation had promised a three-bedroom bungalow, you might find it difficult building a four-bedroom bungalow. The foundation of the brand is essential, and the brand name must convey that. The brand personality must be reflected in the brand name and other forms of identity. The brand name should be differentiated, distinctive and unique. This means, as with everything else, foundation is essential when trying to develop a business or create a brand. The brand owners must ensure that the brand philosophy totally captures what the brand is established for and it must be positioned in such a way that it aligns with whatever the brand intends to do in the future. Arden & Newton is an Africa-focused, strategy-driven, branding agency and marketing communications consultancy. In selecting their brand name, they claim to be ardent (Arden) believers in the transformative power of ideas to move (Newton's law) people, places and products for good. This crafted name became their corporate purpose and philosophy.

5.5.2.2 Aligning with Brand Products

This depends on the size of the brand and the number of existing product brands that are available. The brand owner may have to decide how the brand name works with existing product or service names. For example, in August 2015, Google renamed itself "Alphabet" and became a subsidiary. Larry Page and Sergey Brin, co-founders, said they liked the name Alphabet because "it means a collection of letters that represent language, one of humanity's most important innovations" (Page 2015). They were able to incorporate their existing products into the new brand name as it encompasses everything from A to Z; A is for Android, B is for Bloggers, C for Calico, G is for Google and Y is for YouTube.

5.5.2.3 Align with Public Expectations

In selecting your brand name, you want to check how it aligns with public expectations. This stage involves testing through surveys or interviews with friends, partners and key stakeholders, to understand their feelings and perceptions. To understand if they can sense congruence between your brand values and the brand name. You may want to evaluate how they will pronounce it, in the case where you are using a lexical or invented name and you can make changes as deemed necessary. Even though everyone's opinion may not be used in the final decision, it is relevant to test and evaluate the name. The familiarity and meaningfulness of the brand name are essential to the brand growth and general acceptance.

5.5.3 Rebranding the Brand

The brand name decision may not be limited to new brands or start-ups; more established brands as well may also go through the process of selecting a new name to rebrand themselves. This could be through expansion (mergers and acquisition) or a change in strategic directions. Brands with an existing registered and well-known name, may decide to change their name. Plymouth University in the United Kingdom rebranded to the University of Plymouth. Michael Kors Holdings Ltd changed its name to Capri Holdings Ltd, after its acquisition of Versace and Jimmy Choo. London Midland Train services, which operates in and around Birmingham in the United Kingdom was rebranded as West Midlands Railway when its incumbent franchise contract ended.

5.5.4 Available Names

Having a website for the brand is essential to communicate with stakeholders. Ensuring that a brand has the right domain name is, therefore, imperative. If this is not possible, different derivatives or top-level domain (TLD) names may be considered. Google could not use Alphabet.com when it was rebranded to Alphabet Inc. as BMW owns Alphabet.com, a leading global provider of Business Mobility solutions, and they were not willing to sell it to Google. So Google went for abc.xyz with the. xyz TLD. Some taunted Google that they had googled their new name before deciding to restructure the whole company.

The availability of the brand name on a social media profile is also essential in this digital age. Brands must ensure that they can secure their username on different social media. With Alphabet, Google could not use the @alphabet handle because someone has been using it since 2007. John Lewis & Partners, a brand of high-end department stores operating throughout Great Britain, was not able to secure the @johnlewis handle on Twitter.

5.5.5 Online Brand Name Generator

It is possible to use online tools to generate a brand name. Such systems allow brand owners to enter a single keyword that best describes their business, to indicate the sector and to select the style of name they are looking for. Novanym claims they generate names that are unique, evocative and memorable. The company also claims that all their logos are designed in-house, and they own the copyright of every logo design. Namelix is another online brand name generator that uses an algorithm to generate short yet catchy names. While these sites may provide ready-made business brand names, it is essential to note that they do not necessarily understand the values and philosophy behind a brand, they do not know the story that motivated the brand, and likewise, they may have limited creative solutions with regards to brand identity. For a more creative and flexible approach, Squadhelp offers the world's largest platform for company naming and branding, allowing brand owners to start contests to engage hundreds of naming experts in their naming process.

5.5.6 Brand Consultants

Bigger and more established brands may not go through the route of brand name generators, which are often more suitable for start-ups. Instead, they will work with brand consulting agencies to develop and conceptualise their brand identities. These brand consultants can engage with the stakeholders to understand the history and values behind the brands and transfer that into the new brand identity. These consultants have worked on many brands, and they have the experience and technical capabilities; however, their services may be expensive, a small brand or charity organisation may not be able to afford it.

Case Study 5.1: Illimity

Corrado Passera—former minister of economic development of the Italian government, former managing director and CEO of Intesa Sanpaolo Bank and former managing director of Poste Italiane—created an independent bank designed to accommodate the unmet banking needs of the traditional system. The "new paradigm bank" for companies and families would incorporate the best AI technologies, machine learning and highly specialised human skills to guarantee new levels of quality, service and efficiency—all without ever losing the

Landor, a global leader in brand consulting and design, created the company's name and strategic platform. The consulting agency designed an innovative corporate identity that would adequately convey the bank's disruptive model and value. They started from a strategic platform, using a prototypical process involving the client in building the creative idea with an iterative journey approach, expressing the values of the new banking paradigm.

According to Landor (2020), the logo, a tangible representation of the start-up, is illustrated in an iteration of the infinity symbol—dynamic and flexible with a bright colour palette, it encompasses a humanistic font and inclusive photographic style. The logo can transform into other shapes and figures, making the whole look and feel of technology easy to understand. Leveraging the infinite possibilities, they extended the identity to a series of motion design elements to create a unique and consistent visual experience.

Reflective Question

- Why was it important to hire Landor, a global leader in brand consulting and design, to create the company's name and strategic platform?

5.5.7 Protecting the Name

It is essential to be aware of other competing interests in the brand name (Thomas and Saenger 2017). When a final name has been chosen, the Brand owner must ensure that the brand name is protected. This could be registering the brand name as a trademark. This can be done by the owners of existing businesses, in specific countries or regions and in relation to specific goods or services. Trademarking may be an expensive and time-consuming luxury, but it is worth it, especially for established brands. The United Kingdom's Prince Harry and Meghan Markle trademarked their Sussex Royal brand which allows them to use it on different merchandise ranging from hoodies to socks. The Royal couple also created a website called Sussexroyal.com. They have taken this initiative to protect their brand name.

5.6 The Constituents of Brand Identity

Logos are often considered the essential form of brand identity; some even consider them synonymous with brand identity. This is, however, not always the case. Though the logo is one of the critical components of brand identity, it is essential to have a holistic view of brand identity and its constituents. It is not surprising that significant attention is given to the logo. Research conducted by the global market research agency, Millward Brown, with a team of 60 researchers across 13 countries over 18 months found that 99 per cent of all brand communication currently focuses on only two of the senses—sight and sound (Lindstrom 2005). Brands still focusing solely on visual attributes and giving little thought to other sensory effects should be holistically thinking about design and identity, using the senses to help create and intensify brand personalities that consumers will cherish and remember (Watch 2015).

Brands use different physical elements such as retail store layout, architecture, staff uniform and communications material to reinforce their identity. Therefore, brand identity is more than just a logo, and it is much bigger than that. Emotional connections are expertly made with a synergy of all five senses, and as such those brands that are communicating from a multi-sensory brand platform have the highest likelihood of forming emotional connections between consumers and their product. Branding is all about building emotional ties between consumer and product (Lindstrom 2005). As illustrated in Fig. 5.3, brand identity can be conceptualised from a sensory perspective. Every one of our five senses impacts our decision-making.

5.6.1 Visuals

The visual identity of a brand is strategically essential in differentiating companies (Hynes 2009). It "plays a significant role in the way an organisation presents itself to both internal and external stakeholders" (Van den Bosch et al. 2006, p. 871). This aspect deals with how the brand user **sees** a brand.

5.6.1.1 Logo

The corporate logo is at the root of corporate identity as well as the main element of corporate visual identity (Balmer 2001; Hynes 2009). It is a significant tangible asset of the organisation (Foroudi et al. 2017). It enhances visibility as well as recognisability of the brand (Balmer and Gray, Corporate identity and corporate communications: creating a competitive advantage 2000). These are the physical elements that we can see, which represent a brand. Melewar & Jenkins (2002) in their corporate identity model identified logo as corporate visual identity. According to Melewar & Saunders (1998, p. 291) "corporate visual identity consists of the corporate name, logotype and symbol, typography and colour." However, I argue that the brand name is not part of the visual identity. The brand name is an identity on its own, and the visual identity is used to buttress the primary identity. A brand can exist without visual

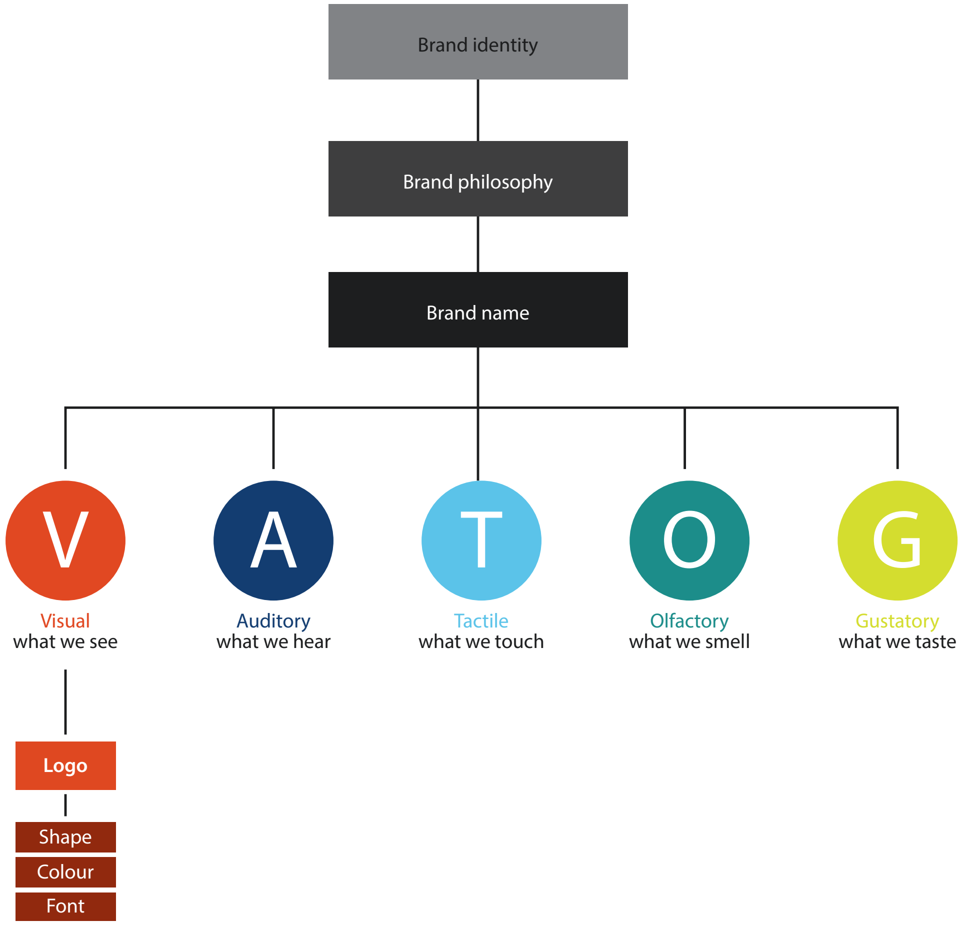


Fig. 5.3 Conceptualising sensory brand identity. (*Source*: Author)

identity, but a brand cannot exist without a name, which is the primary form of identity.

The notion of a corporate logo is grounded in various subject domains such as marketing and design. The design literature refers to the corporate logo as a set of creative elements that gives prominence to a company's products and services (Mollerup 1999). Marketers often consider a logo as a visual cue that helps brands communicate their unique identities and capture consumers' attention (Kim and Lim 2019). Logos are also referred to as aesthetic designations which are seen by the public and from which they form an opinion (Pratt and Rafaeli 1997). Marsden (2019) also refers to the logo as the corporate brand mark, which is a combined unit of a brand name and its visual representation (i.e. logotype and symbol).

Logo as a visual identity is also made up of three components which are shape, colour and font. The design of a logo involves the creative decision of choosing the shape (e.g. the overlapping circles of MasterCard), the colours (overlapping red and yellow circles) and the typeface (FF-Mark typeface in all lowercase) to make the logo. As illustrated in Fig. 5.4, the logo of BT can be changed to reflect the three components of a logo. Figure 5.5 shows the logo of Powerite Incorporated with the shape (Power Button and sunlight), colour (shades of green and blue) and font (Gotham).

The logo might not necessarily have the three components. Apple for example only has the shape with no colour (often treated as a silhouette) while Samsung has a shape (oval), colour (blue) and a font (Linotype

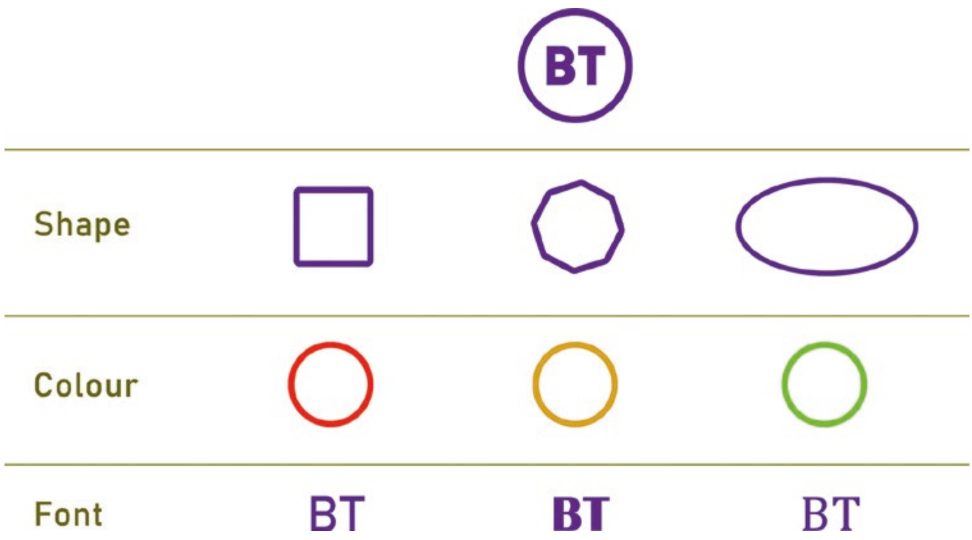


Fig. 5.4 Conceptualising visual brand identity across shape, colour and font. (*Source*: Author)

Fig. 5.5 Powerite Incorporated logo with the different components. (*Source*: Ifeoluwa Sopeju)

SAMSUNG MOGAJI

Fig. 5.6 The Samsung font—Linotype Univers 820 Condensed

Univers 820 Condensed, all uppercase in white) (Fig. 5.6).

The logo, a form of brand identity, has several components, amongst which are typeface, shape and colour (Kim and Lim 2019). Another study has considered brand name and design as logo elements (Foroudi and Nguyen 2019; Foroudi et al. 2017). I, however, argue that design is not an element nor is design a component of a logo (like colour and typeface), but it is the overarching process of the brand identity development. Likewise, a brand name is not a logo element because the brand name existed before the logo. The logo as a corporate identity can be expressed through shape, typeface and colour, and the brand logo can be made with either or all the above-mentioned properties.

5.6.1.2 Shape

The shape serves as the container for the other creative elements that form the logo. This can be in the form of a circle, a square or an oval. Jiang et al. (2015) suggested that circular shapes are associated with a perception of "being soft," whereas angular shapes with a perception of "being hard." Also, Lieven et al. (2015) found that a heavier and more angular shaped logo increased brand masculinity, whereas a slender and more rounded shaped logo increased brand femininity. Round logos are also viewed as being harmonious and natural, and as a logo element which is an emergent trend that is likely to endure (Walsh et al., How re-designing angular logos to be rounded shapes brand attitude: Consumer brand commitment and self-construal 2011). While Luffarelli et al. (2019) found that asymmetrical logos are likely to be more arousing than symmetrical logos, and in turn, have a positive effect on consumers' evaluations. With regards to characters, logos depicting characters, places, animals, fruits or any other item are considered more recognisable (Henderson and Cote 1998).

A typology of logo arrangement is presented in the table below, and it highlights the

Type	Description	Examples
Icon baside Text	Logo Mark Logotype	Microsoft, AT&T, Verizon
Icon above Text	Logo Mark Logotype	Toyota, Louis Vuitton, Cisco, Mercedes-Benz
Icon with Text	Logo Mark Logotype	Amazon
Text in Icon	Logo Mark Logotype	Samsung, Intel, GE
Text Only	Logotype	Google, Coca-Cola, Disney, Oracle, IBM
Icon Only	Logo Mark	Apple, McDonald's, Facebook, Nike

Fig. 5.7 Typology of logo arrangement

relationship between the logotypes and the logo marks (icons). This typology is based on the Top 20 of the World's Most Valuable Brands, according to Forbes (2019) (Fig. 5.7).

5.6.1.3 Typeface

A typeface is the design of lettering that most of the time has some variations, such as extra bold, bold, regular, light, italic, condensed, extended and so on. The typeface is another element of a logo. It is the art of mechanically producing letters, numbers, symbols and shapes through an understanding of the essential elements, principles and attributes of design (Solomon 1986). It is considered "the art or skill of designing communication utilising the printed word" (Childers and Jass 2002, p. 2), and highlights a significant design decision which plays an essential role in the way an organisation presents itself to both external and internal stakeholders (Foroudi and Nguyen 2019). Typeface plays a crucial role in distinguishing an organisation's visual identity and can become characteristic enough that it can appear on its own without a symbol, for example, the typeface of Coca-Cola. The typeface is a vital component to convey communication goals. A conscious, creative decision is required in selecting the right typeface as a visual identity for a brand. The choice of a typeface can manipulate the meaning of the word it is applied to (Childers and Jass 2002). University of Greenwich (UK) uses Antonio, a commercial font, which they consider to be a robust and punchy typeface used to add visual impact.

5.6.1.4 Typology of the Font

Mogaji (2018) identified a typology of font as part of brand identity.

Table 5.1 Examples of commercial fonts being used for brand identity

Brand	Font
Spotify	Proxima Nova Font
ASTON MARTIN	Optima Roman
TOMMY HILFIGER	Gill Sans Regular
Linkedin	Myriad Bold
PayPal	Futura Bold Oblique

5.6.1.5 Bespoke Fonts

These fonts are customised, designed specifically for the brand. They provide a distinctive look and feel. Examples include the Neuzeit Plymouth used by Plymouth University (UK), Waltograph used by Walt Disney Company and the 2012 Olympic typeface.

5.6.1.6 Commercial Fonts

These are fonts that have been acquired by the brand, though they may have been designed and made available commercially, once acquired, the brand now has permission to use them. An example is Palatino, designed by Hermann Zapf and used by Keele University. The university acknowledged that it is "probably the most universally admired and used of his type designs." Greenwich, meanwhile, uses Antonio, which they consider to be a robust and punchy typeface that adds visual impact. Table 5.1 presents other examples of commercial fonts being used for brand identity.

5.6.1.7 System Font

These fonts are available on most, if not all, word processing software and are free to use because they do not require a font licence. These fonts include Arial and Calibri, which might be used when bespoke and commercial fonts are not available.

5.6.1.8 Serifs and Sans Serif

Serif typeface contains a little decorative stroke at the end of the characters, while sans serif does not contain such decorative strokes.

5.6.1.9 Letter Cases

Letter case is the written distinction between letters in upper and lower case (Xu et al. 2017). The letter case of the typefaces used in the logo gives an insight into the brand visual identity. Though consumers have been found to feel closer to lower case wordmarks, which increase perceptions of brand friendliness, compared with the upper case wordmarks (Xu et al. 2017), some brands still adopt all upper case wordmarks in their logo. In August 2020, Pentagram redesigned Rolls-Royce's visual identity and one of the main differences is that the new identity has Rolls-Royce all in upper case instead of the previous lower case. This seems to be a conscious decision to showcase a more "confident but quiet" identity; with the use of capital letters.

Fonts in brand identity can also be distinguished in the form of their design and arrangement. As illustrated in Fig. 5.8, the Neo Sans TR (a San Serif font type) was highlighted as ap's main font and it was specifically indicated that it should be used in lower case (Table 5.2).

5.6.1.10 Colour

Colour is an integral element of corporate visual brand identity and marketing communications (Marsden 2019). It induces emotions and moods and influences an individual's perception of a brand (Foroudi and Nguyen 2019). Brands can also use colours to position and differentiate themselves in a competitive market. Like typeface, colour can also remind consumers of certain brands (Jin et al. 2019). For example, red and yellow for McDonald's, red for KFC and green for Starbucks. It is therefore not surprising to see some brands trademark the primary colour which they use on their marketing communication, sports team and souvenirs. The trademark allows these brands to use a combination and shade of colour in their sector. The University of Texas at Austin has the Pantone Colour #159 which they called Burnt Orange, Queens University (Belfast, Northern Ireland) has Pantone 185c called Queen's Red, and University of Greenwich (London, England) has the Greenwich Navy Blue colour (Mogaji 2018). Tiffany & Co uses Tiffany Blue,

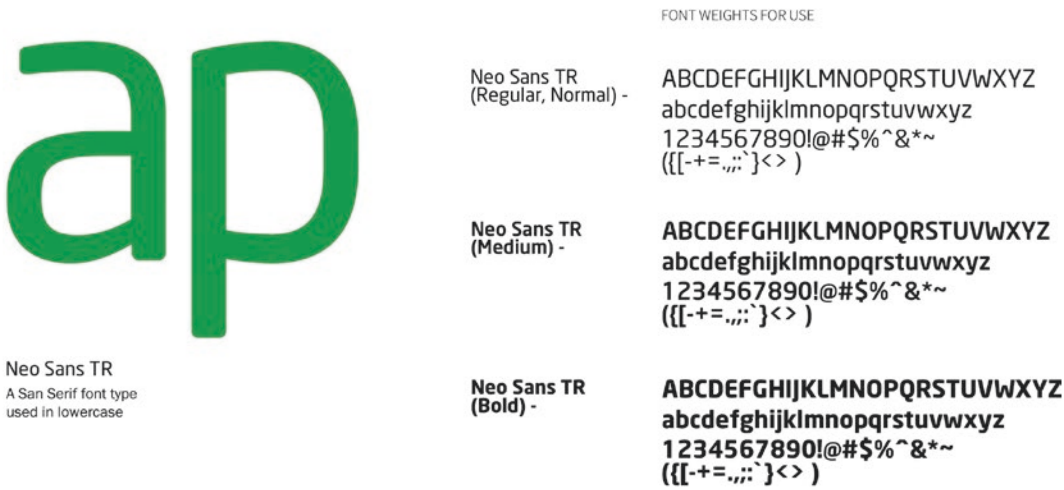


Fig. 5.8 ardova logo indicating the serif font (Neo Sans TR) and the letter case (lower case). (*Source*: Arden & Newton)

Table 5.2 Typology of letter case in brand identity

Letter case	Examples
All Uppercase	Samsung, Cisco Toyota, GE AT&T, Oracle Louis Vuitton, IBM
Combined	Google, Coca-Cola Microsoft, Mercedes-Benz
All Lowercase	Amazon, Verizon Intel

Pantone 1837—which bears the same number as the year the company was founded. It is protected as a colour trademark by Tiffany & Co., and therefore not publicly available. UPS colours are brown (Pantone: MS 476 C) and gold (Pantone: PMS 7548 C). T-Mobile owns the trademark on a specific shade of magenta known as "RAL 4010" with Pantone Code: #159. These colours play a significant role in establishing the brand's identity. Figure 5.9 illustrates the different colour shades of ardova plc. These colours have been specifically identified for their brand identity and they expect all stakeholders to recognise and use them accordingly.

5.6.1.11 Staff Uniform

The visual identity is not just limited to the logo. This also includes staff uniforms (restaurants, banks and airlines). Imagine meeting a flight attendant on the train. You can identify their brand by their uniform. These service providers put effort into designing their uniforms as a visual identity. Following the redesign of McDonald's uniform in 2012, Hemingway Design led by Wayne Hemingway MBE and Gerardine Hemingway designed a new uniform for Transport for London in 2015 to help customers recognise London Underground (LU), London Overground and Transport for London (TfL) rail staff more efficiently. It was the first time in ten years the uniform had been updated and included pieces tailored for female staff. Oman Air launched its brand new cabin crew uniforms in 2019. Created by Oman Air's in-house product development and brand team, they took inspiration from "Sultanate of Oman's rich colours, culture, history and heritage" and retained the recognisable turquoise hues, inspired by the Sea of Oman. Savile Row tailoring expert, Ozwald Boateng OBE is in the process of developing a new uniform for British Airways.

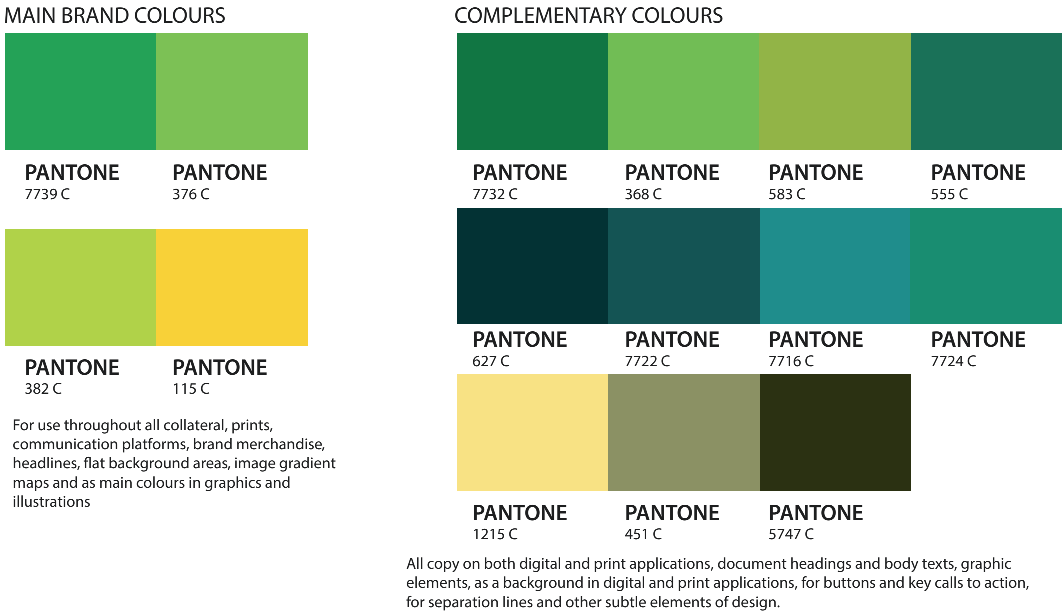


Fig. 5.9 Different colour shades (with Pantone Codes) for ardova plc. (*Source*: Arden & Newton)

Fig. 5.10 Proposed uniform for First Marina Trust Ltd. (*Source*: Olalekan Akinyele)

Recently, Sainsbury's had a dig at Beyoncé when people noticed that the colour scheme of Beyoncé's Ivy Park collection is very similar to the supermarket giant's uniforms. People recognised that the colour of the uniform (and not even the logo) is an identity of Sainsbury's.

As part of the proposed rebranding for First Marina Trust Ltd, Olalekan Akinyele designed a uniform, as illustrated in Fig. 5.10, which incorporates the green colour of the brand, the logo on the chest and a shade of yellow across the shirt. This is a conscious effort to align and further present an identity for the brand.

5.6.1.12 Architecture

Architecture and location are visual brand identities (Melewar and Jenkins 2002). Architectural designs can shape brands, making them more noticeable and appreciated as a significant element of city attractiveness (Bonenberg 2014). In retail, the increasing competition has led to an increase in investment in designing more luxurious environments, enhancing customer experiences. Retails stores are designed to communicate corporate and brand values to customers and employees, competitors and communities (Kirby and Kent 2010). Examples include Nespresso store experience which offers a unique shopping experience by removing the barriers between the customer and the Nespresso Coffee Specialists.

In addition, look at the design of Wembley Stadium in London and its brand identity. The arch in the stadium has also been transferred to the logo. This further illustrates how architecture is an integral part of a brand identity. Anywhere in the world, such an arch can remind you of Wembley. Likewise, the Eiffel Tower which is synonymous with France, and the Golden Gate Bridge in San Francisco, which was adopted for the logo of Cisco, the American network equipment company.

Also, look at the brand identity of the Shard Building in London (remember anything can be a brand, though the brand building process can differ. So yes, the Shard is a brand). This is because, as I mentioned in previous chapters, a brand is a name, term, design, symbol or any other feature that identifies one seller's goods or services as distinct from those of other sellers. The Shard dominates the skyline of London, the tallest building in the United Kingdom, at 306 metres. Designed by Architect Renzo Piano, its imposing structure cannot be missed. It is interesting to see how the Shard's glass design has been used. The architect's design has been reflected on everything from the building logo to Christmas wrapping paper.

In addition, the façade of a building can serve as a brand identity. Bajepade et al. (2020) explores how Nigerian banks are using building designs to integrate their brand and present an identity. These banks have also used similar designs for their branches. As illustrated in Fig. 5.11, First Bank, First City Monument Bank (FCMB) and Zenith Bank have unique designs. FCMB bank branches are designed with Greek columns and are painted white, while Zenith Bank has a glass façade with a signage box on the roof. These banks have been consistent with their design, and it has become a recognisable part of their identity. Even if their signage is not there, people will be able to recognise the bank just by looking at its architectural design.

5.6.1.13 Corporate Communications

The design of corporate communications can also provide a form of identity for a brand. This identity includes the creative design of the website, mobile app, advertisement and press release. There is a conscious creative decision with regards to the layout in the Cazoo advertisement in Fig. 5.12. The copy has been deliberately tilted at a degree. This became an identity for their brand and it has been used in their subsequent communication campaign.

The AXA advert has a bold red slash through the middle. This red slash is part of the logo, and it has become a part of the corporate communication, which serves as a visual identity for the brand. When you see that red slash next time, you will think of AXA. This is what corporate communication does. It helps an organisation pass a message to the brand users and others, gently registering the brand in people's minds.

5.6.1.14 Packaging

From the perspective of both the firm and consumers, the packaging is an essential visual identity for brands. Packaging can be paramount in a brand experience. The creative design of a brand's package ensures it conveys descriptive and persuasive information, and facilitates product transportation and protection. Importantly as well, it can distinguish a brand from many others, especially on the shelves of retail outlets. Packaging also cuts across the tactile brand identity; the shapes are different, likewise the finishing, this allows consumers to engage with the product physically.

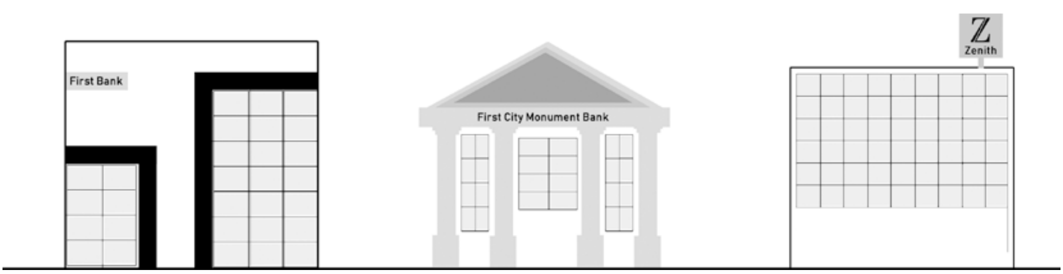


Fig. 5.11 Graphical illustration of bank building designs in Nigeria. (Adapted from Bajepade et al. (2020))

Fig. 5.12 Advertisement from Cazoo. (*Source*: Cazoo. Used with permission from Cazoo)

5.6.2 Auditory

These are the sounds we hear that identify a brand. Auditory branding is the association of a non-verbal, auditory identity with a brand (Krishnan et al. 2012). This auditory identity includes the scritch-scratch sound of a Sharpie pen, distinctive audio logos such as the Windows chimes or Nokia ring tones are well recognised around the world. Sonic logo or "sogo" is the auditory analogue of a visual logo (Kim and Lim 2019):

- Nokia—► https://youtu.be/35kQnqcgqVw
- Windows XP—► https://youtu.be/7nQ2oiVqKHw

With the significant increase in social media and TV advertisements, there are possibilities for an acoustic version of a visual logo to be considered a corporate identity (Wayne et al. 2020). Besides, the music played in the restaurant or the retail store can also be a form of brand identity, likewise the on-hold music while making a telephone call to the company offers another platform for brand integration and identification. This highlights some practical implications for brands to look beyond visual elements to communicate their brands.

Case Study 5.2: Netflix's "ta-dum" Sound

Imagine your family member puts on the TV in the next room and the next thing you hear is a "ta-dum" sound. You are likely to think of Netflix even though you are not in the room. The Ta-dum sound is a sonic logo for Netflix, just like the red N that fades out into stripes of many colours is a visual logo. This sonic idea for Netflix builds on the iconic twentieth Century searchlight drumrolls and trumpet and the MGM lion's roar.

In an interview with Dallas Taylor, the host and creator of Twenty Thousand Hertz, a podcast revealing the stories behind the world's most recognisable and interesting sounds, Todd Yellin, Vice President of Product at Netflix revealed that they wanted a sonic logo that is really short that plays along with the company's logo before their original series and films. He further said. "In our age of click and play, you get to Netflix, you want to be able to click, and there's no patience, you just want to get to what you're watching."

A lot of effort was made to come up with this idea. They wanted something different from the electronic sound in the Xbox or the Mac start-up chime. There were some interesting ideas like going with a goat bleating to look like the MGM lion's roar or the MTM Cat meowing. After many unsuccessful attempts, Oscar-winning sound editor Lon Bender was commissioned for the sonic logo. Todd Yellin revealed that the sonic logo was made of sounds from a wedding ring knocking on the side of a bedside cabinet and a deeper anvil sound and some muted hits. The "ta-dum" is only three seconds long and was not suitable for theatre production, so Netflix had to work with Hans Zimmer to extend it for theatres, making it feel better, more immersive — something that would interest viewers in a theatre. Todd Yellin concluded with "now the logo is immediately recognisable and everyone knows that it means Netflix."

Reflective Questions

- Why do you think it was important for Netflix to have a sonic logo?
- Unlike designing a visual logo, what would you consider important for designing an audio logo?
- How can Netflix further communicate their sonic logo?
- How inclusive (for less-abled viewers) would you consider the integration of a sonic logo (ta-dum) with a visual logo (red N)?

5.6.3 Tactile

Touch is the first sense to develop in infants and can convey meaning and content that cannot easily be transmitted through more formal language (Montague 1986). The texture of materials plays an important, if often under acknowledged, role in consumers' evaluation/appreciation of many different products (Spence and Gallace 2011). The tactile attributes of a product constitute an essential part of its identity. With increasing technological advances, there are opportunities for a brand to identify their products through their packaging designs, and to deliver more novel product coatings than ever before. This advancement which highlights the possibility of using touch more effectively with marketing purposes in mind has started to become ever more appealing (Spence and Gallace 2011). This shows that a brand must appeal to the tactile sense of brand users. This is because, even though it is informal, it is the easier way to reach the brand users as it is subtle and for the brand user, subconscious.

The shapes of products such as the Dior J'adore eau de parfum spray, HARPIC limescale remover and STABILO EASYoriginal handwriting pen metallic give them a tactile identity which makes them unique and different from many other brands. The words "strength," "confidence" and "pride" engraved on the cover of the Jay Z Gold Pour Homme eau de toilette spray must have been the result of a conscious creative effort to have such details when a plain cover could have been used. These ergonomics stimulus properties are important in terms of their potential influence on a customer's final (multisensory) product evaluation of the brand (Gallace and Spence 2009).

The downside of tactile branding, however, is the ageing population, and the growth of internet-based shopping. People may not have the opportunity to feel the product and perhaps identify its unique features before buying it. Haptic, the use of technology that stimulates the senses of touch and motion to enhance the experience of interacting with onscreen interfaces, can offer another perspective to tactile branding. This technology allows consumers to reproduce in remote operation or computer simulation the sensations that would be felt by a user interacting directly with physical objects. Adding haptics through virtual touch would open new opportunities for brand design and identity creation.

5.6.4 Olfactory

Olfaction is the sense of smell. There are signature aromas identified with brands. Entering the LUSH Retail store, there is the associated aroma that comes from their handmade soap and bath bombs. Towards the end of 1990, Singapore Airlines introduced Stefan Floridian Waters, which is their signature aroma used in the flight attendants' perfume, the aeroplane interiors, and blended into the hot towels given out on take-off. The aroma has since become a unique and very distinct trademark of Singapore Airlines. These aromas are identities that remind customers about the brand. So, in brand management, olfactory can be how a brand uses sense of smell to create a presence in the minds of brand users. This means to maintain a positive identity and be well-perceived by brand users, the brand can try to include a certain odour or unique scent in their products. This is overtly good for brands that produce deodorants, soaps, perfume, cologne, candy, sweets and food.

While some brands may have these scents as their identity, few brands have gone all the way to trademark their scents. In 2014, Verizon trademarked their "Flowery Musk Scent" for their stores. Their application argues that the smell would help distinguish these locations from "other communications and consumer electronics retailers in an increasingly crowded field." In 2015, Brazilian footwear company Grendene successfully trademarked the bubble gum scent of their line of scented jelly sandals. Hasbro, a global play and entertainment company, has patented the iconic PLAY-DOH scent, known and loved by fans around the world. It became one of few active scents officially recognised by the United States Patent and Trademark Office. It became a registered trademark of the brand. The trademarked scent is formally described in the Trademark Official Gazette (TM 7419, May 15, 2018) as a "scent of sweet, slightly musky, vanilla fragrance, with slight overtones of cherry, combined with the smell of a salted, wheat-based dough." This makes the PLAY-DOH brand one of the few active and undoubtedly most famous scent trademarks in the world.

Franco Galbo explores scent trademarks and their complexities, highlighting the lack of clear guidelines as to what kind of information should be provided to describe a scent or what kind of descriptive terminology will be accepted. The choice seems to be between submitting a chemical formula to describe the scent or using descriptive language to describe the aroma. Notwithstanding the legal complexities or inability to provide an accurate description of a scent, this is a brand identity strategy that brands may want to consider.

An essential response expected of any branding element is its easy and correct recognition (Krishnan et al. 2012). Brands should stick with a scent, be consistent about it and over time it will be well recognised and become an integral part of the brand. Just like a brand logo, the scent is an identity that can distinguish one store from another, distinguish one product from another. Olfactory branding should, however, not be limited to retail or hospitality (hotels, restaurants or airlines). Brands need to recognise how they can use sensory branding to differentiate their brands and make them stand out.

5.6.5 Gustatory

Gustatory can be really defined as sense of taste. This, in brand management, partially represents the perception of certain tastes or the unique feeling that a brand user has while using a brand. McDonald's, Burger King, Wimpy and Five Guys all sell hamburgers, but they sure taste differently. Even if they do not have any packaging, you can recognise the difference in taste. This strategy is an attempt towards gustatory brand identity. The tastes of products serve as an identity for the brand. Brands try product-specific tastes to engage with their customers and stand out from the competition. This taste, as a brand identity element, influences perception and transforms the experience using products. Many studies have compared the taste of Coca-Cola and Pepsi as they have their unique tastes (Kühn and Gallinat 2013). The Kellogg's crunch is recognised as a tactile feel in the jaw (Lindstrom 2005), making it more crunchy and unique. Vegemite, a thick, dark brown Australian food spread also has a unique taste; it has become part of its brand identity. People either love it or hate it.

As brands need to keep exploring new ways of transmitting a brand identity to the public, gustatory brandings offer another dimension. This gustatory branding may, however, be limited to edible brands which could include a signature dish on a flight or in a hotel, customised drinks at the bar and flavoured biscuits in a bank's reception. These are all conscious, creative effort to be different from other brands.

5.7 Benefits of Brand Identities

There are many benefits of brand identities, but they can be summarised into five. It might be expensive to develop and integrate brand identities across the five different senses, but it is an investment that will enhance value in the long run as a strong brand identity can make a brand stand out in a crowded marketplace. Presenting a brand identity that a consumer can recognise and trust will influence buying behaviour and ultimately, the final choice. As such, brands need to take a keen interest in developing and communicating their brand identities (Melewar et al. 2006).

5.7.1 Identity

Primarily, brand identity aims to identify a brand. It gives the brand a unique identity that makes it recognised within the market. Red is associated with Coke while Blue is associated with Pepsi. Even though Netflix and Virgin are both associated with red, their brand names distinguish them. Branding helps you stand out in a saturated market and keep the brand in the minds of the customers perpetually. The first impression of a brand is essential, it is necessary to ensure that the brand appears professional, trustworthy and dependable. Imagine you want to buy clothes and you log on to the website, but you are not impressed by the design of the website. They may have excellent products and good customer care but your first impression of the poorly designed website shapes your perception of the brand. Likewise, if a charity organisation is raising funds, and their identity does not appear trustworthy, potential donors may lose faith in that brand.

5.7.2 Distinguish

This benefit builds on the idea of identity. While all brands may have an identity, a proper identity makes a brand more distinctive. There may be different limescale removers, but the shape of Harpic makes it more distinctive. There may be many play doughs on the market, but the distinctive scent of Hasbro's makes their play dough different. These distinguishing factors help influence customers who are trying to decide between two brands. Besides, it gives credibility, enhances loyalty and ensures repeat purchase, leading to returning customers and referrals.

5.7.3 Original

Brand identities ensure consumers choose the original products and not a counterfeit. Brands integrate their identities so that when consumers are faced with choices between the original and a counterfeit, they will know the difference. Kellogg has developed a hi-tech method to stamp out imitation cereals—by branding individual flakes with their famous signature using lasers to protect against imitation products. With integration and communication, the brand becomes the preferred choice for customers. Even though counterfeit products are available at lower prices, the buyers tend to buy the products from their preferred brands. Besides, with the patented and trademarked identities, the brand is protected from competitors and counterfeits. Consumers feel that they can trust the brand that is original and demonstrates its originality through product design, identity and communication.

5.7.4 Consistency

The brand identity allows for the possibility of expanding into a different market and keeping the same positioning. Brand identity ensures that wherever the brand is seen or extended to, it remains consistent, highly recognisable and still trusted. This consistency builds up loyal customer bases, making it easier to introduce new products or services. Also, the continuity of the identity conveys brand stability.

5.7.5 Value

Brand identity enhances the value of a company, and it allows the brand to command a premium price. There are many mobile phones out there, but the iPhone still commands a higher price. The creative design of direct mail requesting donations for a charity could encourage the individual to donate more. The brand identity presents the brand as a valued organisation, which can be trusted to deliver on their promises. Besides, brand identity becomes an intangible asset of the company, patented and protected. Such functional identities (including names and logo) add to the value, worth and equity of the organisation.

A summary of the benefits of brand identities is graphically illustrated below. The identity makes the brand stand out among other brands in the market. The distinguishing features makes the brand susceptible to counterfeiting, but again, the identity makes it unique, its distinct features cannot be copied as they are protected under law. The brand remains consistent, able to extend into other product lines and categories; it gets more credibility and reputation, thereby increasing in value and equity (◘ Fig. 5.13).

5.8 Designing a Brand Identity

5.8.1 The Brand Owners

The role of the brand owners cannot be ignored when designing a brand identity. The brand identity cannot be disassociated from the owner's identity; the relationship between the brand owner and the brand identity can last far beyond the death of the brand owner. The brand owner's name may have been integrated into the brand identity, and that still lasts till today (Kapferer 2015):

- Adidas—founded by Adolf "Adi" Dassler
- Bacardi—founded by Don Facundo Bacardí Massó
- Ben & Jerry's—founded by Ben Cohen and Jerry Greenfield
- Macmillan Cancer Support—founded by Douglas Macmillan
- Anthony Nolan Charity—founded by Anthony's mother, Shirley Nolan

The founders and brand owners often have an idea about their brands that should be effectively communicated. This consideration also depends on the people they work with, on the size of the brand; the brand owner may decide to work alone or with a freelancer. Likewise, for a more prominent company, the management team might decide the need for a new logo and select the team, either internally or externally to work on it. This is crucial and important for brand growth. Likewise, having the input from other stakeholders is very important. Also, it is not enough to have the input of other stakeholders but also to consider the relevance of this input for the growth of the brand. This must be in line with the philosophy of the brand.

5.8.2 Whose Responsibility Is It?

This depends on the size of the brand. For small- and medium-scale enterprises, the brand identity could be developed by the founder, coming up with a brand name, choice

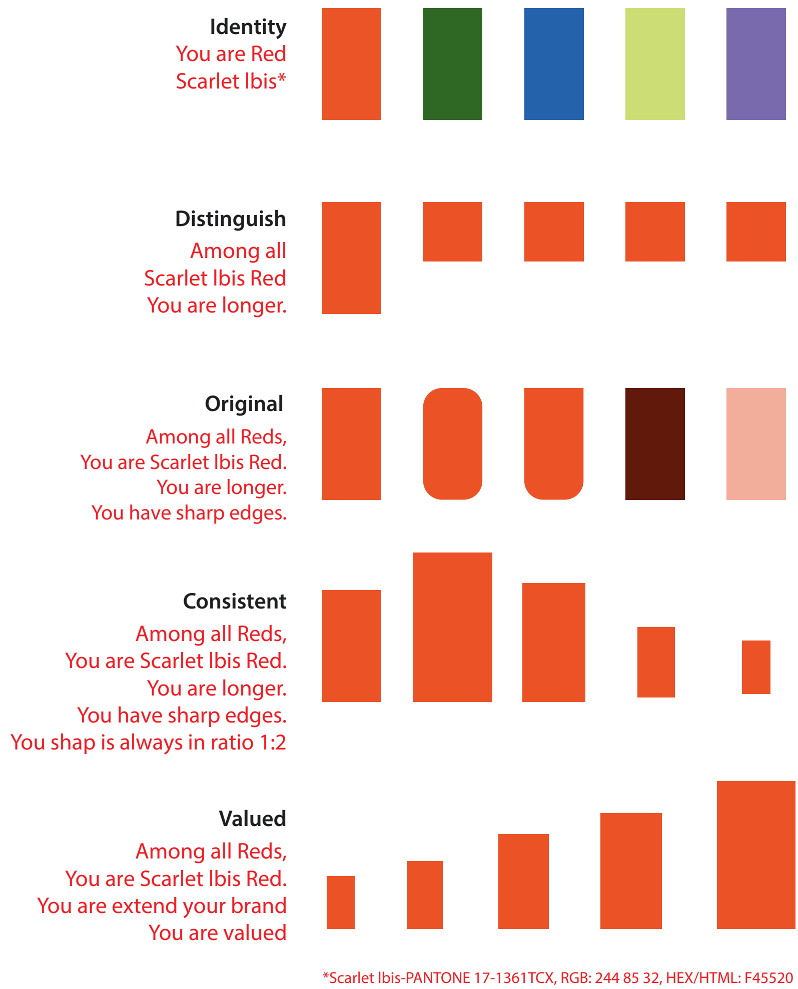


Fig. 5.13 Graphical illustration of benefits of brand identity. (*Source*: Author)

of colour, elements of the logo and other relevant identities. It is also possible that the brand owner may have a name and not have other documented forms of identity. A more established brand may have to use a freelancer or family and friends to come up with a logo. This can, however, be changed as the brand becomes more prominent and feels there is a need to rebrand.

Artist Simon Oxley designed the now-famous Twitter bird logo, which Twitter bought on iStock photo for $15. Back then, Twitter was an upcoming start-up company, but the bird has been redesigned now. In 1971, Carolyn Davidson, a graphic designer and student at Portland State University, designed the Nike Swoosh, one of the most recognisable logos in the world at the cost of $35. The swoosh has, however, evolved over the years. More established brands may have to work in-house to develop identities or work with a branding agency. In 2012 Microsoft changed its logo for the first time in 25 years; the logo was developed mainly by Microsoft employees. In 2000, Landor, replaced BP's logo with a new design, the "Helios" —costing over $200 million. In 2008, Arnell group redesigned the Pepsi logo costing one million dollars. The London 2012 Olympics logo was designed by Wolff Olins, a London-based brand consultancy firm, at the cost of $625,000.

5.8.3 Designing

Once responsibility has been assigned, then comes the designing phase. Often this will involve a great deal of research to understand what the brand stands for and how it can be communicated through the identity design. Research should also uncover consumers' expectations and how to meet their needs. Importantly as well, the research should uncover different touchpoints that will require a brand identity and how they can be coordinated into the overall design. The design process can take months and even years to complete as it will involve ongoing changes, decision-making and exchanges between the design agencies/designers and the brand owners. The process will involve sharing ideas, testing various designs and getting feedback.

5.8.4 Consistency

Brands strive to be consistent. To continually deliver messages and present ideas that are in consonance with the values and identity of a brand. Furthermore, it also entails a branding consciously exposing its target customers to the same core messages repeatedly and forcefully. This is to maintain an influence on the target brand users. Upon the delivery of brand identities, consistent integration is essential. This is to ensure that every stakeholder is aware, and that they are using brand identities as required. In the case of a new brand, the website, stationeries, signages and social media profiles must reflect the brand identity, and the logo must be used in the right proportion and right manner. For brands that are rebranding and changing their logo, it is essential to ensure that the changes are reflected as soon as possible. For sustainability reasons, brands may have to finish printed stationeries and other materials that have the old logo, but the online presence needs to reflect the change. The brand manager should keep an eye on how the new brand is being used, to ensure consistency and to make sure people are still not using the old logo in their PowerPoint presentations or on email signatures. This consistency also applies to other people working with the brand. You would not want people to misspell your name, and likewise, if you have a brand identity, you want to make sure people recognise it and use it consistently in the right manner.

For the 2020 Reading and Leeds Festival where Stormzy and Rage against the Machine were headlining, it is interesting to note that poster designers had to use Stormzy' s brand identity—bold font, all upper case and likewise for Rage Against the Machine, as opposed to the font that was used for All time low, Mabel and As it is. Perhaps those artists do not have a brand identity to be integrated into the poster or they don't have the clout or influence of the headline acts.

5.9 Brand Guidelines

Brand guidelines are essential to ensure consistency. Brand guidelines are documented, detailed information about brand identities. They highlight the brand values and identities, sets out detailed information such as the rules about composition, design and general use of the brand identity and present examples and templates of marketing collaterals (Mogaji, Brand Guideline 2019). The brand guidelines are also called the brand book, brand bible or style guide. Andrys (2019) describes this guide as the owner's manual on how to "use" their brands. It explains how organisations want their stakeholders to see their brands. This guide influences both internal and external communications, marketing and advertising. It is an attempt to accurately document information about the brand and make it available for different stakeholders who might need it.

5.9.1 Who Develops the Guidelines?

The Brand guidelines should be prepared by whoever developed the brand identity. Depending on the size of the organisation, often brand agencies are responsible for developing the different elements of a brand, especially after rebranding and they are responsible for developing the guidelines for the organisation that employed them. Landor, which developed the BP brand and Wolff Olins, who developed the London 2012 Olympics logo, would be responsible for the brand guidelines. It should be part of the project's deliverables. If the business owner or the company has developed the brand identity in-house (like the case of Microsoft), it is essential to document the creative decisions they have made. They must prepare their identity guidelines as they expect various stakeholders around the world to know about the new brand and how it should and should not be used.

5.9.2 Who Uses the Guidelines?

This document is prepared for those working with the brands. It serves as a reference for everyone who engages with the brand, telling them exactly how to communicate about the brand. The users can be categorised into two groups.

5.9.2.1 Internal Users

These are employees of the companies working across the different departments and global offices. Staff designing a letterhead in the United States should use the same design as staff in Europe. This also covers staff PowerPoint presentation slides, complimentary cards and even email signatures. When in-house teams are creating an advert, they will also need the brand guidelines. They influence the internal communications within the organisation using examples of editorial guidelines and "tone of voice." Staff must understand how to represent the brand.

5.9.2.2 External Users

They are vendors, contractors or design agencies working with the brand. They may not have a full understanding of the brand; the brand guidelines provide that information from the brand's perspective and help them communicate the brand effectively. The documents guide these external users through the core elements of the brand, assisting them in designing and producing compelling communications which align with the brand's identity.

5.9.3 What Is the Content?

Brand Guidelines can run to hundreds of pages depending on the design and amount of content made available. Each element of the brand must be well defined to keep the brand consistent. The length can vary, but it is good to keep them concise enough for users to understand and follow the guidelines. These guidelines are also made available online on the companies' websites. Irrespective of the size or where it is being deposited, three essential features are expected in brand guidelines.

5.9.3.1 Brand Information

The document should give an overview of your brand. If it was prepared after a rebranding exercise, the brand guidelines should contain background into the need for the rebranding as well. The guidelines provide further insight into why they have decided to rebrand and come up with a new identity. It should also reiterate what the brand stands for—its values, vision and philosophy. The guidelines should also communicate examples of editorial guidelines and "tone of voice"—this is how companies want their brand to be heard when communicating. The tone of voice also involves how written communication should be structured. A distinctive and consistent tone of voice helps the brand remain consistent; it builds recognition and enhances understanding between all stakeholders. The brand uses the document to remind the readers about what lies ahead for the brand. All these are the abstract brand identities that will be physically presented in the next section.

5.9.3.2 Brand Identities

The brand identity consists of the visual elements which need to be explicitly presented. These identities are generally classified into four groups.

Logo

Brand guidelines display the features of the logo, the icon and typeface. Users are expected to use the logo in all communications and to stick to this arrangement with the exception in some cases like social media profiles where only the icon will be used. The various arrangements of the logo are also presented, sometimes in black and white or on a darker background. Brands take pride in the logo and will always emphasise an "exclusion zone" or "clear space" around the logo where no text or image will interfere (see Fig. 5.14 for Powerite Incorporated logo and Fig. 5.15 for Mainstreet Capital logo). This is the minimum clear space that must surround the logo. This zone ensures that the impact and legibility of the logo are not compromised in the application. Users are also warned about "Logo Misuse" as brands want a consistent appearance of their identity. They warn that the logo should not be misinterpreted, modified or added to. No attempt should be made to alter the logo in any way. They expect the logo's orientation, colour and composition to remain as indicated in the document (Fig. 5.16).

Colour

The consistent use of colours is encouraged by the brands as it contributes to a cohesive and harmonious look across all relevant media. To achieve this, colour palettes are provided as part of the brand identity, and these are identified explicitly with various colour coding systems such as the Pantone® colour system, the inter-

Fig. 5.14 Clear space around Powerite Incorporated logo. (*Source*: Ifeoluwa Sopeju)

Fig. 5.15 Clear space around Mainstreet Capital logo. (*Source*: Arden & Newton)

Fig. 5.16 Logo use guide for ardova plc. (*Source*: Arden & Newton)

national standard for producing colours, CMYK (Cyan, Magenta, Yellow, Key/Black) for print, RGB (Red, Green, Blue) for screen and hexadecimal values for websites. To further ensure that creative freedom, the brand will also advise users on different colour combinations within the colour palettes. For some brands that have trademarked their colours or have a specific shade of colour they use, information about these colours is also presented. For example, both Queen's University Belfast and Netflix have red as their primary colour, but they are of different shades. Queen's University Belfast has a primary colour that they describe as Queen's Red—Pantone 185c while Netflix describe theirs as Netflix Red—PANTONE 1795 C (Netflix, n.d.). This detailed information is necessary to ensure brand differentiation and consistency (Fig. 5.17).

Typography

Organisations often acknowledge that type is more than a design element. They see it as a creative element which expresses who they are. The typographic principles are often based on function, format and purpose. These fonts could be bespoke fonts, specially designed for the brand and therefore any user, either internal or external, will have to get the font from the company. Cisco showcased its clean, modern and simple font, specially created for them (Cisco 2019). There are commercial fonts which external users may have to buy and use if they want to work with the brand. There are also system fonts which might be used when bespoke and commercial fonts are not available. These fonts are available on most word processing software and are free to use, so they do not require a font licence. Information on the typography also includes size and weight, case, line spacing, letter spacing (also known as tracking) and justification. Some brands can also recommend specific fonts for use around the world, as far as it aligns with their main font. Non-English language layouts are also catered for, especially Arabic, where right-alignment will replace left-alignment. Some specific rules are also often presented with

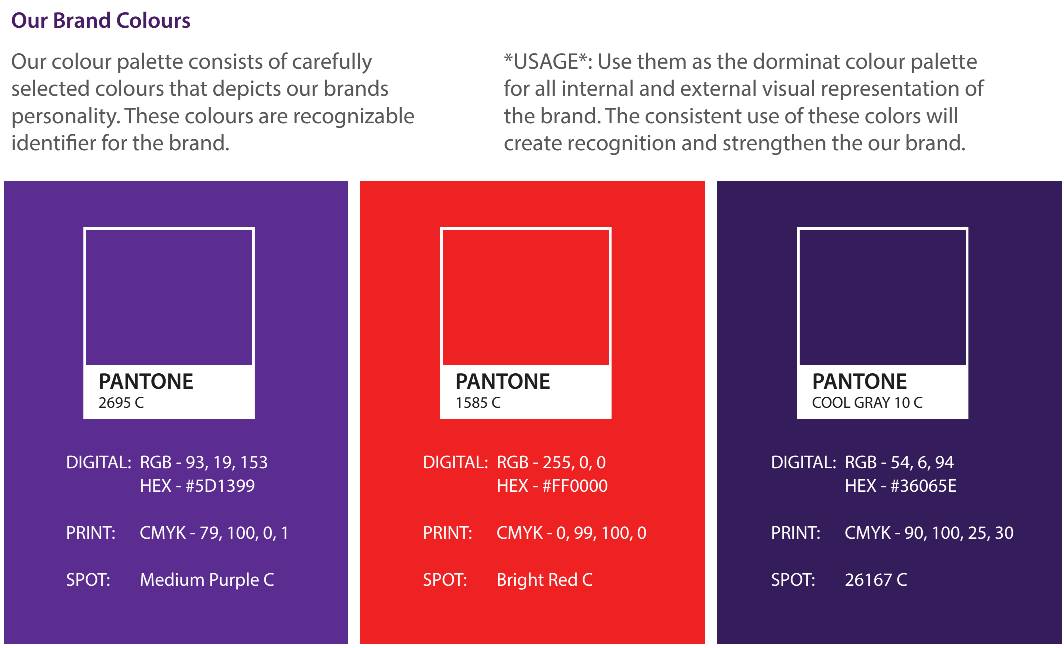


Fig. 5.17 Mainstreet Capital brand colour as provided in the brand guidelines. (*Source*: Arden & Newton)

regards to the typography such as not adding drop shadows, not stretching the type horizontally or vertically and avoiding hyphenation in general, and especially in headlines.

Image

Information regarding the type, composition and quality of images to use is provided in the guidelines. Images are considered one of the brands' identities to engage with the specific audience effectively. Companies expect those working with their brands to use the image to tell a story and give the right impression. Specifically, some brands request reportage-style photography that embodies a photojournalistic eye to capture pure moments. Users are warned to avoid purchasing stock photography whenever possible as brands want specially commissioned images to convey their brand identities as it makes them unique, not seen elsewhere and makes the message more coherent. I Love New York Brand Guidelines specially stated that images used should be photographs taken in New York State. Some brands (Cisco 2019) do have a vast library of approved photos, freely available for staff and external users. These images can be used legally, anywhere in the world, in any media.

Rules such as avoiding emotionless images, avoiding images that do not tell a story or avoiding images where models are posing are also presented in the guidelines. Some brands also support the use of illustrations where images are not available or if there is a need to create an even more distinctive impression, but it should still be coherent with the overall brand identity. The use of icons is also allowed for some brands, but they expect them to be predominantly used in digital applications to aid navigation.

Samsung Galaxy S20 was unveiled in February 2020 and was available for pre-order. Telephone operators in the United Kingdom started advertising their services to appeal to prospective buyers. Interestingly, they were all using the same image (of the phone). It appears that the image was provided by Samsung and they insisted all mobile carriers use it to advertise their plans. The images were provided in two variations—one on a black background and the other on a white background with phones of different colours. This is another way of consistently integrating the Samsung brand. This allows the same image to be used across the world on different platforms. The advertisers add information about their plan, but they are obliged to use the image from Samsung. These advertisements contain the logo of Samsung and the brand extension (Galaxy S20). This suggests that any brand that wants to work with Samsung and sell the phone must abide by the provided brand guidelines with regards to the use of image. This was the same approach adopted by Apple when it launched its iPhone (Mogaji Print Advertisement of iPhone by UK Carriers 2014).

5

5.9.3.3 Brand Integration

Brands give examples of ways in which their brands can be adequately and consistently integrated across different media. They demonstrate how different brand identities can be combined to make effective communication. This also includes demonstrating the use of grid lines as an essential organisational tool in visual identity design. The brands believe that using these examples and guidelines helps to deliver their messages in a clean, simple and direct way. This integration also includes the sample layout and template for marketing collateral, stationery items, business cards, compliment slips, envelopes, pull-up stands, building entrance plaques, wayfinding signage, merchandise, social media, Microsoft PowerPoint presentations and website elements. This list is inexhaustible depending on how large the brand is and how many touchpoints they need to integrate to reinforce their new brands.

5.9.4 Why Are Guidelines Important?

Brand guidelines accurately identify and document the different brand elements of a company. This understanding helps in making excellent internal and external communications. Also, it is essential to note that the brand agency that developed the brand identities may no longer be around—in such a situation, it will be the duty of another agency to keep working on the brand. Omnicom's Arnell Group, world-renowned brand strategy, marketing communications and design firm that redesigned the Pepsi Logo, closed their studio in 2013. Brands must have and keep this record.

Brand guidelines are the property of the brand owner, and are needed as documentation and official representation of the brand elements. This can also be useful for future brand identity revisions. It is essential to know what the brand has documented and how to move on from there. For consistency's sake, the guidelines offer a central hub for all the users working with the brand to get the information needed. It is essential that the right shade of red is used across media, irrespective of screen or country.

The availability of brand guidelines also helps large organisations appear consistent across different touchpoints. Wherever the brand operates, the same message is given. This also helps both internal and external users working on the brand; they do not have to stress over how to communicate effectively; the brand guidelines are there to help them.

Brand guidelines are not just limited to big corporations, small businesses and start-ups can also have brand guidelines, albeit not very detailed. At the very least the guidelines will cover logo, the colour shade and the font being used. These three basics are essential to ensure consistency. Also, individual brands can have brand guidelines; celebrities, sports personalities and entertainers who have a recognised brand can have their brand identities documented.

Case Study 5.3: Arden & Newton for Mainstreet Capital Limited

Mainstreet Capital Limited is considering rebranding and creating a new identity for their firm. Arden & Newton, an Africa focused, strategy-driven branding agency and marketing communications consultancy firm was tasked to create the new identity. In presenting this new identity, they prepared Brand Guidelines, a document that captured the breadth of Mainstreet Capital's intent for a bold new brand in the investment banking industry. Arden & Newton noted that good intentions alone do not create great companies, good execution does. They promised to design a long-term execution plan and build a bridge that connects corporate vision and strategy to the execution plan for Mainstreet Capital.

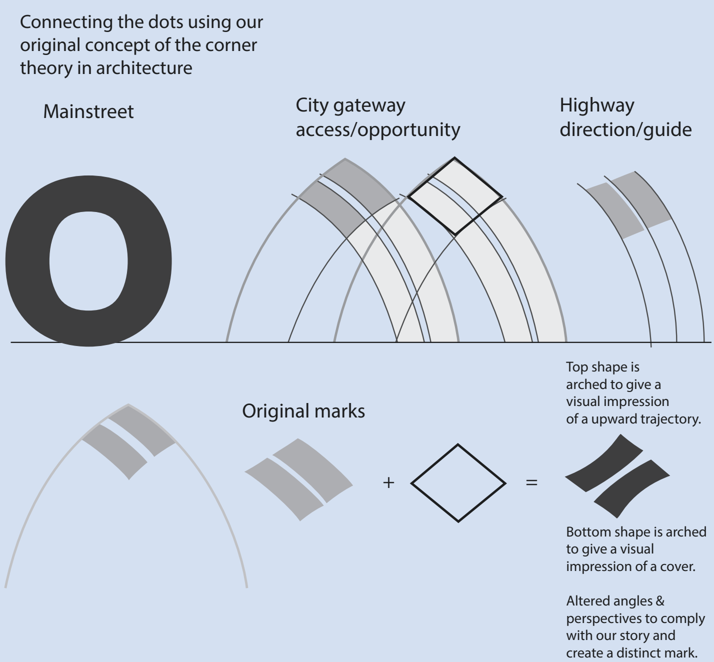
The Brand Guidelines for Mainstreet Capital Limited were contained in a 102-page document TAKE THE RIGHT TURN, that highlights the brand idea and how this philosophy is crystallised into four key areas of Mainstreet's business. The document further presented how the selected brand archetype exhibits Mainstreet's personality and core values. A visual narrative of the proposed identity was also presented in the document. This also includes the thought process of the identity, suggesting that it was not created out of the blue or by sheer luck, but conscious effort was put into the design.

This document is aimed at convincing Mainstreet Capital that Arden & Newton understands their brand and can reposition it for greatness. These are the responsibilities of brand consultants working with brand owners ("stakeholders" discussed in ▶ Chap. 1). The agency can critically evaluate the brand and offer suggestions as to how to make the brand stand out. Arden & Newton has the experience, resources and manpower to deliver this. It seems no in-house team at Mainstreet Capital was able to take up this responsibility. Sometimes a brand wants an outsider, somebody with no existing knowledge or bias about the brand to be very critical and offer a strategic direction.

Brand Guidelines are documents which can evolve over time, things are bound to change but importantly they contain basic information for brands to use and remain consistent across the board. This includes the layout of the logo, management strategies, the fonts, colours, the email signature template, grid system to effectively structure content and the effective use of images to ensure consistency (◘ Figs. 5.18, 5.19, 5.20, and 5.21).

Reflective Questions

- Why do you think it was important for Mainstreet Capital to commission Arden & Newton for their new brand identity?
- How would you describe the role of Arden & Newton in the design process?
- How important is it for Arden & Newton to provide the brand guidelines for Mainstreet Capital?



◘ **Fig. 5.18** The conceptualisation of Mainstreet Capital brand identity. (*Source*: Arden & Newton)

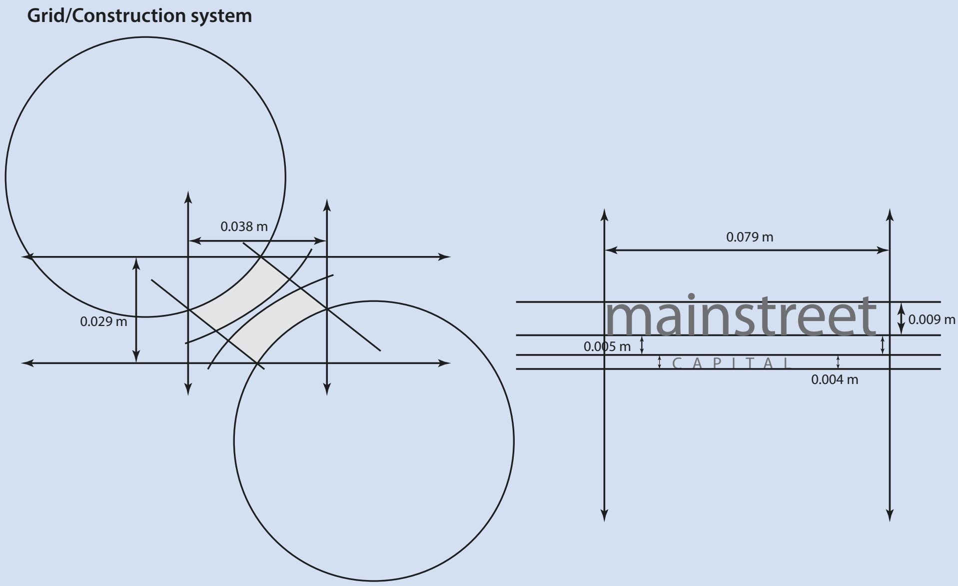


Fig. 5.19 The grid/construction system for Mainstreet Capital brand identity. (*Source*: Arden & Newton)

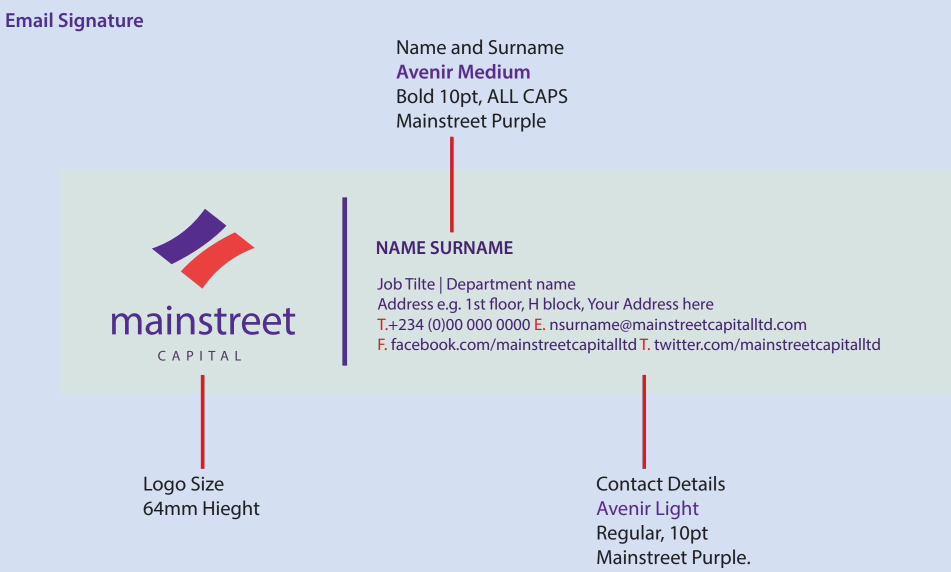


Fig. 5.20 The email signature template for Mainstreet Capital. (*Source*: Arden & Newton)

Fig. 5.21 Grid lines for producing social media advert for Mainstreet Capital. (*Source*: Arden & Newton)

5.10 When to Design the Brand Identity

Designing brand identity is essential. Recognising who should do it is crucial as well. Likewise, it is essential to consider *when* to do this part of the brand management process.

5.10.1 New Company, New Product

When there is a new company, brand identity needs to be designed. The new brand needs to have an identity that will be communicated. Often if this is a start-up, an initial effort towards branding is essential. Basic design should cover logo and communications, including website and social media. Likewise, when a new product is being launched, brand identity is essential and needs to fit into the architecture of the brand.

5.10.2 Rebranding

On rebranding, the brand identity may be changed to reflect the changes. As earlier discussed in the misconceptions section, there could be instances of rebranding when physical identities are not changed, but in the case, where a change in identity is deemed necessary, the brand identity needs to be redesigned. Rebranding to revitalise and refresh the brand can also warrant the need to redesign brand identities. For example, Mogaji (2018) found that UK universities are rebranding to refresh their brands and increase their appeal. They wish to present themselves as active players in the sector and to remain dynamic, contemporary and relevant. The University of Leicester acknowledged that it was vital that they should cohesively present themselves, while Queen's University Belfast wants to share their strong messages and world-beating stories with strength and confidence, demonstrating how they are shaping a better world. These rebrandings, though not necessarily encompassing a change of name, require new identities.

5.10.3 Mergers and Acquisitions

When two brands with different identities come together, they are often expected to rebrand and change their brand identities. Depending on the nature of the acquisition, a new brand identity may be required, and likewise in some cases, the acquired brand may lose its identity as they are integrated. Notwithstanding the arrangement, the brand managers should be aware of the possibilities of changing the identity. The new identity may combine the use of icon or typeface. In United Airlines, the United name was retained, but the Continental blue icon was used whereas in ExxonMobil, a new identity was created with a combination of both typefaces. This is further discussed in more detail in ► Chap. 10—“Brand Mergers and Acquisition.”

5.11 Considerations for Brand Identity

This section raises key questions for brand owners considering a brand identity. It may apply more to a new brand than an established brand, but in any case, it presents insights for brand identity design and management.

5.11.1 The Initial Thought

The brand owner needs to be able to document this and present it when it is time to design. What word best describes this brand? What animal best describes the brand? What colour? What font? Or what shape? The brand owner needs to be able to share some insight into the short-term, medium-term and long-term goals of the brand. The brand owner needs to know about the competitor, how their brand will be different from that of competitors. There must be an element of uniqueness in the brand design. Practically, the brand owner should have a budget and a plan as to how the new brand will be integrated. These insights can be captured through a brand identity questionnaire.

5.11.2 The Designer

There are many options for the brand designer. There are websites like Brandmark, which claims to create unique, professional logos for businesses. Many small boutique agencies create logos and other brand identities. Freelancers can be approached on freelance marketplaces like Fiverr or Upwork to design the identities. Family members and friends can also design the logo. Even the brand owner can design the identities. It is, however, essential to know that whoever is designing the identity can creatively express the thoughts of the brand owners. Professional input may be necessary depending on the type of brands, likewise, the brand owner needs to be aware of other deliverables—is it just a logo in JPEG or logo in.png file that can be edited? Does it include the design of the business card, social media graphics, app icons or letterheads? Will brand guidelines be provided? These details should be finalised by the brand owner and brand identity designer. Foroudi et al. (2017) suggest that the logo needs to be managed through a multidisciplinary approach, perhaps the design of the brand identity should not just be left to the designer but the stakeholders should be involved in the process.

5.11.3 The Brand Integration

Now that we have the logo, how will it be used? How can the brand make sure the identity is well integrated across the different touchpoints? This may include updating the website to reflect the identity, changing the social media profile, printing new business cards, changing the product packaging or changing the signage in the office. The brand manager needs to take a visual inventory, to understand if brand identities are used consistently across all platforms. Here the brand guidelines are useful. The font, colours and photographs must be consistently used. The brand manager needs to be aware that there may be some people who may not like the logo; it is essential to know how to work with these individuals. Consumers are more likely to assign negative attributes to a logo they have not seen before (GAP and Weight Watchers [now WW] had new logos that were not liked). Integrating and effectively communicating these new identities are essential.

5.11.4 The Protection

The brand manager will need to decide if the brand identities should be protected and trademarked. As we saw with brands trademarking their scents as a form of identity, this is an option to be considered, though not compulsory, and it offers a longer-term assurance of ownership and protection from competitors and other brands. Would you want to create and use a bespoke font or a unique colour? Kolormark offers a colour naming platform, which allows a brand owner to take ownership of colour and get a certificate to confirm ownership. The whole essence is to protect the brand identities, to make the colour unique to the brand, thereby distinguishing the brand.

5.11.5 The Change

This is an important decision for a brand owner—to decide when to change their identity. Perhaps as the brand grows, the identity may need a refresh, and as the brand grows with more confidence and credibility, changes may be necessary. Some brands may outright change their logo, while some may decide to refresh it. Google, eBay, YouTube and Microsoft have changed their logo. Starbucks and MasterCard modified theirs by removing the wordmark. Nike has not changed its Swoosh since 1971, but it has evolved over the years. The brand manager may decide to change the logo entirely or allow it to evolve. It is a strategic brand management decision that needs to be considered at a point in time of the business.

5.12 Conclusion

Brands surround us; this abundance highlights the need for consumers to be able to identify the brands they engage with. This topic has explored brand identities in the context of how brands users can recognise brands. The brand identity goes beyond the logo. The brand identity is not only limited to visual identification, but to other senses, auditory, tactile, olfactory and gustatory. Brands should be able to create an identity from these various perspectives.

The benefits of brand identity cannot be overemphasised. Branding creates differentiation, distinctiveness. Brands will be recognised within the competitive market. A brand with a strong identity can build brand loyalty and repeat purchase as it aids the selection making process for consumers. This unique identity also protects the brand from counterfeit. Consumers who have engaged with the original brand can identify a counterfeit and avoid it. Brands should ensure that their identity is consistent across the board, across different countries or different product lines. It takes a creative, conscious effort to achieve this.

The decision to design a brand identity is very strategic. The role of the brand owners/managers cannot be overemphasised. They bring meaning and values to the brand identity. The brand owners/managers need to recognise who is responsible for the design—a friend, freelancer or a professional. The brand identity elements should be memorable, easy to remember, meaningful and relevant to the business and of course should be likeable. People should want to be associated with the brand because they can easily pronounce it and they do not find it offensive. In addition, the brand identity should be transferable, adaptable and protectable, allowing for an opportunity to leverage and maintain brand equity. Thinking beyond today, thinking beyond just one product line is important when creating a brand identity. Consistency is also vital upon the delivery of the brand identities, and this is where the brand guidelines become relevant—to ensure that everyone working on the brand understands how to use the identity correctly.

Brand identity is an essential component of brand management. It offers a physical element to the brand, making it more recognisable. Either at the start of a new brand or at rebranding, brand managers/owners need to ensure that their brand can be easily identified through creative design. The logo may have been considered as the key and most crucial brand identity; conscious creative decision must be made with regards to the possibilities of sensory branding. The brand manager/owner needs to look beyond just visuals but to explore an identity that allows customers to have a sensory experience with the brand.

5

Key Points

- Branding identity makes a brand highly recognisable and distinguished.
- Brand identity is more than a logo.
- Brand identity should involve all five human senses—not just visuals.
- Brand identity design should recognise the role and influence of the brand owner and allow research-led creative input.
- Brand identities should be communicated through brand guidelines for consistent use.

► Student Activities

1. How would you describe brand identity?
2. How important would you consider a strong brand identity in a saturated market?
3. What is the difference between brand name and brand identity elements?
4. When do you need a brand identity?
5. Can you describe other forms of visual brand identities?
6. How can a brand adopt a tactile brand identity?
7. What are the benefits of brand identity in a monopoly market?
8. What is the relevance of brand guidelines for external designers working on a brand?
9. What are the key considerations for brand identity design?
10. Discuss the differentiating and distinguishing benefits of brand identity. ◄

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Brand Integration

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Alex comes into the gym wearing a shirt with the logo and name of their organisation. Code and Sam saw the design during the past week in messages Alex sent, and they liked it. However, seeing it physically on Alex's shirt is better. Alex is very excited about their logo and wants to flaunt the new design. Code and Sam were excited for Alex, so they take a selfie and share it on their social media with #AlexNewLogo. Code and Sam both want to help Alex integrate their brand and become well known. Code promises that their manufacturing company will partner with Alex's charity for corporate social responsibility. Code feels good about contributing, and it will also make their clients aware of the charity. Sam says it is a good idea, sharing their experience as brand manager and showing them a water bottle from a competition that their company sponsored. Sam said that although the company had to pay to take part in the event, it was worth it because it was fantastic advertising for their brand. Having a good logo is not enough for branding. You may need to rely on a friend, like Alex did, to share this identity. Or else, you may need to place an advertisement in the newspaper introducing your charity organisation or sponsor an event to make sure that everyone sees your logo. These are conscious efforts to integrate the brand, raising awareness and thereby building trust. You saw the #AlexNewLogo on your social media, your friends have talked about it and then you see an advert where Alex is asking for donations for the charity. In this case you are more inclined to donate compared to a charity you might not have seen before. That's the benefit of effective brand integration. Though it might be expensive and time-consuming, it is a long-term investment in building the brand's value.

Overview

Having a brand identity is not enough. The beautiful logo is not the end of brand management. Brands need to make sure that their brands are well integrated and seen by the target audience. This chapter explores brand integration, which is a continuous process to bring the brand to the conscious knowledge of the key stakeholders. In some cases, it might be described as a brand advertisement or integrated marketing communications, but the focus is not always to sell and market but to bring awareness to the consumers and stakeholders. We will look at some key reasons why brands may not have been well integrated, perhaps due to the location or structure of the brands. We will also discuss the benefits of brand integration with ten key strategies to aid this integration so you can enjoy the benefits. Here we go beyond advertisement to include staff and corporate responsibilities. No doubt brand integration is an important task which can be time-consuming and requires a considerable amount of effort. This chapter identifies those who are responsible for the integration, those who are the targets for integration and, importantly, the key considerations for integration.

Key Question

How can consumers be aware and recognise a brand identity?

Learning Outcomes

At the conclusion of this chapter, you will be able to

- describe the concept of brand integration;
- recognise the benefits of brand integration;
- give examples of brand integration strategies;
- describe the responsibilities of key stakeholders in brand integration; and
- explain the key considerations for brand integration.

6.1 Introduction

There are many brands out there that we do not recognise; there are many brands that are only faint memories. If we haven't forgotten them yet, sooner or later they will be forgotten. How many of your friends from elementary or primary school do you still remember? You are more likely to remember those who you kept in touch with over the years, though it requires effort, you have both tried.

From a brand management perspective, brand owners want to build a relationship through constant and continuous engagement with their stakeholders, and they want brands to be remembered rather than forgotten. They want to remain on that high pedestal in the mind of the consumer (as discussed under ► Chap. 4 "Brand Positioning"). There are many brands that you do not know, many brands that are not even in your mind, most likely, these brands have not been well integrated and brought to your attention. Though they have developed an identity, as previously discussed, if these identities are not integrated, it will make no difference. At the end of the chapter, you should be able to answer the key question, which is how to create awareness for a brand, not only for a new brand but also for a more established brand.

6.2 What Is Brand Integration?

Brand integration is a process undertaken by brand owners to make stakeholders aware of what the brand stands for. This process is also known as brand awareness building—generating awareness and establishing and promoting the brand using different strategies and tactics. Having a brand identity is not the end of brand management, it is essential that stakeholders, including the customers, are aware of the brand and its offerings. When there is a new brand identity, either through new brand creation or rebranding, it is crucial to create awareness.

This process is ongoing and continuous, irrespective of the nature of the brand. While a new or growing brand may consider it essential to integrate their brand, the more established brands are not exempted. It is essential to bring the brand to the attention of the target audience, and importantly, this integration should be clearly, consistently, and coherently presented across touchpoints. No doubt this will be an expensive task, but it is worth considering as it guarantees the reputation and long subsistence of the brand.

6.3 Why Can't You Recognise the Brand?

There are many reasons why consumers may not have recognised a brand. This lack of awareness could be that the brand has not made enough effort to integrate the brand or due to differences in the target audience. It is essential to understand these limitations and how it may affect the brand integration strategy. For a charity brand, it could be the financial limitations, and they may prefer to spend more money on charity activities and less on brand integration. A start-up company may be developing web applications for business consumers and therefore adopt a different brand integration approach, while for a multinational, it could be the geographical limitations. This section highlights some of these limitations and the reasons why consumers have not experienced the integration of some brands.

6.3.1 Structure of the Brand

Some brands may not be integrated due to their nature and structure. Often this could be a parent brand with many other sub-brands. An example is P&G, which owns the Always, Always Discreet and Tampax brands. These sub-brands are often integrated and advertised more than the P&G brand name. Likewise, for Google, the attention is not on Alphabet, which is the parent company but on Google, YouTube and Android, which are well known. The nature of these brands (i.e. parent brands), may suggest why they are not being integrated and positioned in the minds of the consumers.

6.3.2 Target Audience

Some brands do have a specific audience which they have to engage with. This audience may be a small and unique group of society, and therefore there is no need to invest resources in reaching out to individuals who may need the product. Every day millions of people encounter the Airbus brand—the flying public, government ministers and corporate enterprises, the aeronautics community or anyone with a passing interest in aviation, but their branding integration strategy will be different from that of British Airways or United Airlines. Airbus will more likely position their brand to the airline operators than to consumers. Likewise, while some brands may be reaching out to individual consumers, some brands are reaching out to business consumers; therefore, their integration strategies will be different. Brands like Cisco, Oracle and IBM are more targeted towards business consumers and not individual consumers; therefore, their approach towards brand positioning will be different, their channel of communication and social responsibilities will be different as well.

6.3.3 Geographical Differences

The geographical locations of some brands may also limit how well the brands can be integrated. This can also be related to the target audience, but in the case of geographical limitation, it specifically highlights the location of the market and those who need to be aware of the products. If a product is not needed or used in a location, it makes no business sense to position the brand in that market. Likewise, in some cases, some parent brands use different brand names to market the same products in different markets. Kentucky Fried Chicken (KFC) translated their name into French—Poulet Frit Kentucky (PFK)—to position their brand for consumers in Quebec, Canada (in France it is still called KFC). Many people who have not been to Quebec may not be aware of that name change, but it is the same KFC. Another example is Lay's in the United States, which is known as Walkers in the United Kingdom. Burger King in the United Kingdom is known as Hungry Jack's in Australia. Vaseline in Nigeria is known as Vasenol in Spain. Always in the United States is Whisper in Japan, while Hellmann's in the United States is Best Foods. So, if you have not seen the Best Food brand, you have seen Hellmann, likewise, if you have not seen Whisper from Japan, it is still the same Always around the world. Brands will most likely integrate the brands that are well known in a geographical location.

6.3.4 Regulated Industry

Many products would like to be well known and integrated, but because they operate in a regulated market, there are limits to their brand integration strategies. These regulated brands include alcohol, gambling, cigarettes and tobacco. The brands in such niches are limited to how aggressive and well they can advertise their brands, do corporate sponsorship or put in place corporate social responsibility practices. The United Kingdom Football Association had to back down over a deal allowing gambling website Bet365 to screen live football matches. The gambling company had partnered with the Football Association, which allowed FA Cup games to be seen by anyone who created an account. There was massive pressure from people who felt this could encourage gambling and the partnership, which could have been an opportunity to further integrate the Bet365 brand, was terminated.

Some brands, like Unilever, are making a conscious decision to be different. The company, whose portfolio includes Ben & Jerry's and Klondike, has made plans to stop advertising ice cream to kids over obesity concerns. The company said for television and other measurable media, it will not run ads where children aged under 12 represent over 25% of the audience.

6.3.5 Financial Limitations

Brand integration requires a lot of financial commitment, from advertising to sponsorship and other forms of corporate social responsibility (CSR). Brands like Coca-Cola and John Lewis advertise at Christmas even though it is expensive to advertise during this time of the year. Many other brands advertise during the Super Bowl to reach a worldwide audience, costing over $5 million for a 30-second ad. These are financial commitments that smaller brands may not be able to make. Financial limitations could also mean not having access to the technology and human resources needed for integration. Smaller brands may not be able to compete with more prominent brands which have invested so much and are still investing so much into integrating their brands. Therefore, financial strength also plays an important role in brand management and development. This is because, brands need money to execute the necessary steps to reach the target and wider audience.

6.4 Benefits of Brand Integration

A well-known brand has an advantage over an unknown brand. A well-known brand has trust and credibility. This section discusses the benefits of brand integration while acknowledging that, though it requires a considerable amount of investment, there are benefits attached to a well-integrated brand.

6.4.1 Visibility

The brand is on TV. It is on billboards. The logo is on free souvenirs distributed at events, and the brand sponsors local events. It is everywhere. A well-integrated brand becomes very visible within the market. It becomes well recognised, building trust in the brand. People feel the brand has been around and so it must be good. This is reassuring. The visibility of a brand helps the brand to get a strong foothold, ahead of competitors who may not be financially buoyant enough to compete and disrupt the market.

6.4.2 Relationship

With visibility comes a relationship. People feel connected to the brand; the brand is present in their day-to-day activities. The consumer-brand relationship becomes significant in building loyalty and an attachment to the brand.

6.4.3 Reputation

A visible brand that has built a relationship with the target audience becomes more reputable. The brand's presence is seen as a stamp of authority, and many other brands will want to be associated with it. This reputation also builds on the credibility of the brand. The integration of the brand ensures that it is well respected within the market.

6.4.4 Sales Promotion

A visible brand will always be visible at the point of sales. Brand integration enhances the sales promotion of the brand. The brand is not just saying "buy from me." It builds on the consistent brand integration, the relationship that has been built and invites people into an experience. Consumers are more willing to buy a product that they recognise, and brand integration improves recognition and thereby, more sales for the brand.

6.4.5 Long-Term Sustenance

Consumer behaviour is changing, world economics and business practices are evolving, brands needs to keep up with the integration of their brands in order to meet and exceed the expectations of people and stay ahead of the game. Brand integration ensures visibility and reputation. It can position the brand for a long-term benefit in the evolving market. The brand value built through consistent brand integration can extend into new brand development and new markets. The investment in building and positioning the brand will ensure its long-term survival.

6.5 Brand Integration Strategies

Now that we have looked at the key benefits, it is crucial to explore strategic directions for brand integration. This section presents some key strategies, but this list is not exhaustive. There are many other opportunities which may be specific to the type of brand, the location and country of origin of the brand.

6.5.1 Advertising

This strategy is one of the most efficient strategies for brand integration. Advertising allows a brand to communicate its products and services to consumers. They showcase their brand identities in messages across various media. The consumer sees these marketing communications; they keep the brand in mind and may remember at the point of purchase. The brand uses these advertising mediums to put their brand name out; therefore, for people to see and recognise (Mogaji 2018b). Advertising is not just limited to selling or marketing a service, sometimes brands want to be associated with a celebration, so they create an advertisement to share in the joy and excitement of a traditional celebration like Christmas, Valentine's Day or Easter. This often applies to the retail brands in the United Kingdom that release advertisements at Christmas. These brands invest a lot of financial and human resources to create these advertisements that have become a regular occurrence during the period. For example, the Pampers advertisement for Valentine's Day, is a simple approach to join in the conversation and further integrate the brand into the minds of prospective parents. In addition, some brands may create an advertisement to address societal issues. An example is the Gillette advertisement #MeToo on "toxic masculinity." Though it was negatively received, it further integrated and increased the mention of the Gillette brand. No doubt, advertising can be costly, but it offers an effective way of creating brand awareness.

6.5.2 Corporate Social Responsibilities

Corporate social responsibility (CSR) is taking centre stage to provide a more sustainable, long-term brand value (Middlemiss 2003). It is described as an activity taken by corporations to enhance economic, social and environmental performance voluntarily (Lai et al. 2010). It is often considered as a form of strategic investment, which can be viewed as a form of reputation building or maintenance (McWilliams et al. 2006). A brand may decide to engage in activities as a form of obligation towards the interests and the welfare of the society that it operates in. The brand is aware of the value of the public's positive perception, and they use this opportunity to integrate their brands further as the consumers and the public sees that the brand is responsible for the action (Mogaji et al. 2020a, b). A company might decide to buy a school bus for primary school children, and on the bus there might be a description that says, "Bus donated by this brand." Performing this act demonstrates how the company cares about the primary school. The brand has the option of not putting their name on the bus but because of the need to create more brand awareness, to demonstrate their generosity and further integrate their brand, they decide to do this.

Case Study 6.1: BeGambleAware®

As a form of corporate social responsibility, from 1 January 2020, gambling companies in the United Kingdom must make an annual financial contribution for gambling research, prevention and treatment (RET), as required by the Gambling Commission's Social Responsibility Code Provision. GambleAware is one of the organisations approved by the Gambling Commission to receive this financial contribution from the gambling companies.

GambleAware is an approved organisation that carries out research, prevention and treatment work. GambleAware raises over £8 million yearly in voluntary donations through the donation-based system where gambling companies donate a minimum of 0.1% of their annual gross gambling yield (GGY). GambleAware administers and funds BeGambleAware® which provides information to help people make informed decisions about their gambling. They explain what safer gambling means, how to understand and recognise problem gambling, and show people where to go for further information, help and support should they need it.

The CSR arrangement identifies key stakeholders in a regulated market. The Gambling Commission's Social Responsibility Code Provision obliges gambling companies to make financial contributions to charity organisations. These charity organisations then provide programmes that help consumers that may have gambling problems (Fig. 6.1).

Reflective Question

- How do you think gambling companies are integrating their brands through corporate social responsibility?

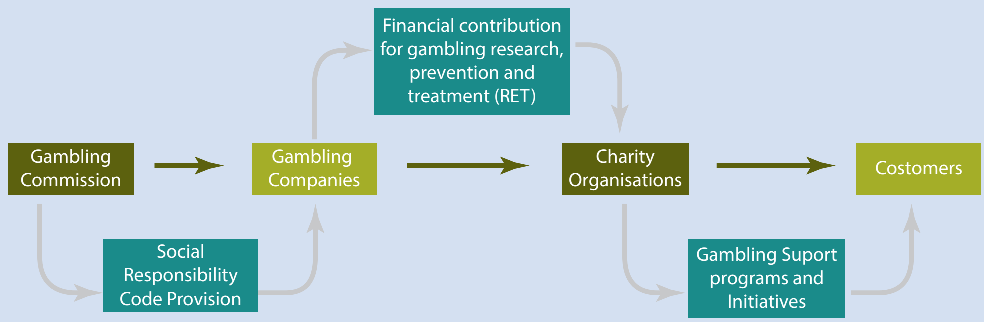

Fig. 6.1 Gambling companies' corporate social responsibility. (*Source*: Author)

6.5.3 Sponsorship

This is closely related to corporate social responsibility, but while CSR is an action to enhance the positioning of the brand while contributing to the community, sponsorship is a conscious business decision to be financially committed to a cause. In 2019, Barclays Bank committed £10 million to sponsor the Women's Super League in England. The bank paid for the privilege of putting their name to the competition (it's now the Barclays FA Women's Super League). This means that any time the competition is mentioned, the Barclays brand is mentioned as well. Heineken agreed to sponsor Euro 2020 as the official beer and is still sponsoring the Champions League Football. Adidas has also renewed until 2030 the official partner status it has enjoyed with FIFA since 1970.

A brand can also sponsor stadiums and arenas to further integrate its brand (Clark et al. 2002). Emirate Airlines has the naming rights to Arsenal's stadium until 2028. Etihad has the sponsorship of Manchester City Stadium and the multi-purpose O2 Arena (formerly the Millennium Dome). In Germany, the Bayern Munich stadium is sponsored by Allianz. The Mercedes-Benz Arena (formerly known as the Shanghai World Expo Cultural Centre), is an indoor arena located in Pudong, Shanghai. There is also the Suncorp Stadium in Brisbane, Australia. These naming rights and sponsorships often last for more than 10 years to allow proper integration; so that the media, consumers and fans become used to the name and engage with it.

Sponsorship can also extend to sports team clothing and accessories (Ahn et al. 2013). Chevrolet, the American car manufacturer, signed a £450 million deal in 2012—worth £64 million a year—to sponsor Manchester United's shirts from the 2014/15 season through until the end of the 2020/21 campaign. In the United States, the National Football League has a four-year agreement with leading eyewear and sports lifestyle brand Oakley to become the league's official helmet visor provider, a new sponsorship category for the league. Have a look at the Formula 1 driver's shirts and cars to recognise their various sponsors. This strategy is all about making financial commitments to gain a slice of exposure for their brands. As these sports' personalities are seen around the world, these brands' identities are getting more recognition, attention and awareness.

Sponsorship is not limited to sports or competitions. Brands can sponsor events which guarantee that their brand logo will be printed on brochures, attendee's bags and other event materials. Sponsorship in brand management can also sometimes be played out as the act of supporting an activity, a course, person, event or organisation through the provision of certain products or services free of charge. This is done consciously by different brands to stamp their names on the entity they are sponsoring (Jensen et al. 2018). Therefore, it is in an engaging way for the brands to register themselves in the minds of brand users. Although this is somehow indirect, it is a deliberate way of registering the brand in the minds of customers and aligning the brands with the brand users' philosophy.

6.5.4 Brand Partnership

While brands may have to pay for sponsorship, a brand partnership is often a mutual agreement between two complementary brands to co-create and partner on an initiative (Cao and Yan 2017). The unique feature here is the working relationship between both brands. They often both contribute equal shares; they have shared benefits and rewards for the success of the arrangement. Both brands can combine their strengths and strategies to create awareness, leveraging on each other's expertise to build a unique experience for their customers. Both parties recognise each other's value in the partnership. This partnership can involve sharing the same platform for the brand identity, like the backdrop during press conferences that will have names and logo of the different brands that are partnering together. It builds a form of association between the brands and many more that have shared values.

An example of a brand partnership is the working relationship between Beyoncé and Adidas to create a new clothing line. Beyoncé is a brand on her own, working and partnering with Adidas, Beyoncé was able to use her celebrity status to market the collection; she integrates her brand and likewise the Adidas brand. Similarly, there is an arrangement between Kanye West and Adidas to produce the Yeezy Boost. The partnership benefits both Adidas making the shoe and Kanye West, who designs it. In 1984, Nike teamed up with Michael Jordan to launch Jordan Brand, a brand of shoes and athletic wear built around the basketball player. Nike co-founder Phil Knight called the success of Air Jordan "the perfect combination of quality product, marketing, and athlete endorsement."

Likewise, in football, in 2015 Nike launched the first of seven "CR7 Chapters." These are specially designed Mercurial boots, each relaying an important piece of footballer Cristiano Ronaldo's personal and footballing history.

In financial services, there is a partnership between Apple and MasterCard. Also, American Express has partnered with Amazon on a co-branded credit card. GoPro and Red Bull, two of the world's strongest brands, teamed up in 2016 to form an exclusive global partnership which includes content production, distribution, cross-promotion and product innovation. As part of the agreement, Red Bull received equity in GoPro and GoPro became Red Bull's exclusive provider of point-of-view imaging technology for capturing immersive footage of Red Bull's media productions and events.

Case Study 6.2: Target Corporation and UNICEF

Target is supporting a better, more sustainable world in alignment with the UN Sustainable Development Goals (SDGs). Building upon the expansive nature of its business and value chain, Target is impacting each of the SDGs, focusing on the goals where it can provide the most significant contribution. In partnership with UNICEF USA, Target aims to enrich and protect the lives of its team members, the families they support and the communities where they live and work.

Since 2015, as part of its commitment to wellness, Target has partnered with UNICEF USA in support of UNICEF Kid Power. As a Presenting Sponsor, Target has committed $6.5 million to help the UNICEF Kid Power programme expand. Over 3 years they engaged nearly 250,000 students in the fight to end global malnutrition by living more active lives.

Through UNICEF Kid Power, every 150 therapeutic food packets unlocked from points earned delivers a full course of life-saving treatment for a severely malnourished child. In total, UNICEF Kid Power team members have unlocked 8.2 million lifesaving therapeutic food packets and saved the lives of 52,000 kids in need around the world. With UNICEF Kid Power, the more kids move, the more points they earn, the more lives they save. For more information on UNICEF Kid Power, you can visit ► unicefkidpower.org/learn-more

In partnership with Target, UNICEF is also working to advance the well-being of factory employees in Vietnam's apparel and footwear industry, impacting the lives of not only those workers, but their children and communities. By investing in UNICEF, Target aims to play a significant role in helping to improve workplaces in the global supply chain.

■ **Reflective Questions**

1. Can you identify any justification for Target to support the UNICEF Kid Power initiative? Consider if there is any alignment between the values of both parties.
2. How do you think Target will benefit from this partnership with UNICEF?
3. How does this partnership promote the UNICEF brand and the Kid Power initiative?

6.5.5 Brand Placement

Brand placement—often referred to as "product placement"—allows a brand to be included as part of a mass media programme in return for some consideration as a form of advertisement (Karrh 1998). This is also referred to as embedded marketing by some scholars and brands. It is a strategic marketing method that is used to casually make intended references to a certain brand, service or product. The logo or identity of a brand is mostly incorporated into another company's website or work, such as a television programme, film, game, sport, music, album art and so on. This is done with deliberate promotional intent. This arrangement, often a lucrative promotional arrangement between marketers, producers and other creative professionals (such as writers, actors or set designers) allows the brand to be strategically positioned to attract the attention of the audience. It is considered as intentional incorporation of a brand into editorial content which has a significant effect on the brand image (Van Reijmersdal et al. 2007).

The fourth episode of Game of Thrones' eighth and final season, "The Last of the Starks," had an incongruous modern-day Starbucks cup in the background. While this might have been an error, it attracted a lot of attention for the Starbucks brand due to the popularity of the series. In I, Robot, though the film is set in the future, Will Smith is seen receiving a pair of Converse and wearing these "vintage" (from the year the film was made) shoes throughout the film. James Bond broke away from his usual tradition of having a Martini and decided to go for Heineken in Skyfall. While James Bond is associated with Aston Martin, Mini Cooper was integrated into the Italian Job movie. It is important to note that brand placement is not just limited to films and series; the brand can be placed in any entertainment platform, including games, music videos and reality TV. Pepsi is famously placed on the judges' table on X factor, whether they are thirsty or not, and strategically placed with the logo facing the camera. This is an effective brand placement that builds on the public's interest in the programme (Davtyan and Cunningham 2017).

6.5.6 Branded Content

While brand placement is included in editorial content, it sometimes has limited and construed appearance, and there are possibilities for brand owners to create content solely for the integration of their brands (Lei et al. 2017; Gökerik et al. 2018). This content is funded or outright produced by the brand owner to showcase their brands. This is beyond product placement as the brand is fully integrated, and the story is about the brand. Dove's Real Beauty Sketches campaign presents a drawing collection of a series of women. Gil Zamora, an FBI Trained Forensic Artist drew two drawings of each woman, the first based on their description of how they look: the other based on a stranger's description. This was Dove's effort to encourage women to celebrate their beauty. This advert was not about selling any specific product, but it became viral and created a positive attitude towards the brand. The campaign has been watched over 68 million times on YouTube.

Likewise, Always released a short film by filmmaker Lauren Greenfield, with the hashtag #LikeAGirl to keep girls' confidence high during puberty and beyond. The film was not about selling Always but integrating the brand and reminding viewers of how Always has been empowering girls globally, bringing puberty education to millions of adolescent girls. The film has been watched over 67 million times. In 2014, Audi released a short film titled The Heist for the grand opening of the Audi Downtown Vancouver. While some films may feature an Audi in some of the scenes, The Heist was all about Audi.

6.5.7 Influencers

With the growing interest in social media and digital marketing, an influencer is becoming an essential strategy for brand integration (Cuevas et al. 2020). It is, however, important that the concept of influencers goes beyond social media. It encompasses the idea of endorsements for a product or services. This is somehow different from a brand partnership. The celebrity with a certain reputation does not necessarily get involved in the creation of the products but solely endorses the product. An endorsement could be a celebrity being associated with a brand. A famous person can draw attention to a brand and shape the perception of the brand under the inference that consumers make based on their knowledge of the person. It is anticipated that perceptions of the celebrity can be transferred to the brand: high level of visibility, rich set of potentially useful associations, credible in terms of expertise, trustworthiness, likability and attractiveness. This is described as celebrity meaning transfer (McCracken 1986; Mogaji 2018a).

George Clooney, American actor, screenwriter, producer, director and activist endorses Nespresso, and he has been featured in the integrated marketing campaign of that same brand. Recently Beyoncé started her clothing line, and she sent the clothes to other celebrities for them to endorse the products and share their videos. She partnered with Adidas to create the products, but in this case, she is partnering with celebrities to endorse the products. When the influencers share the brand on their profile page it gains more publicity and awareness. There are also a growing number of micro-influencers who may not have considerable followers to share the brand, but they are very active. With this arrangement, the influencers might get paid for their efforts and the hashtag AD must be used or influencers can be given the product (like Beyoncé gave out clothes) and are expected to share the brand with their followers. The amplification of these influencers enhances the integration of the brand (Singh et al. 2020). As consumers say they trust personal recommendations above traditional advertising, there is a growing demand for influencers who will work on brands.

6.5.8 Employees

Brand integration can also go through the route of the employees (Boukis and Christodoulides 2020). King and Grace (2010) developed the Employee-Based Brand Equity (EBBE) model which recognises the role of employees in enhancing the brand's equity. The staff engage with the brand and serve as brand evangelists, conveying the identity of the brand. Brand integration through them could be in the form of their uniform. When Southwest Airline changed its logo, the uniform was changed and there were lapel pins for the staff as another form of integrating

■ **Fig. 6.2** Proposed redesign of Enyimba Football Club brand identity on souvenirs. (*Source*: Olalekan Akinyele)

and creating awareness about the brand. Likewise, for Heart and Stroke Charity in Canada, the new identity was printed on the uniform of the staff; importantly the uniform was also a red colour, which is one of the colour palettes of the charity. For a manufacturing company like Nigeria's Dangote Fertiliser, the name of the brand is printed on the helmet and the shirt. This strategy offers a platform for brand integration. These brands can afford not to put their identity on these employees' uniforms, but why wouldn't they do it? It is an opportunity to remind everyone, including fellow staff and other external stakeholders about the identity of the brand.

6.5.9 Souvenirs

These are another way of integrating brands. These souvenirs are given out freely BUT with the brand name on them. At corporate events and conferences, the souvenir bags are referred to as swag bags. It aligns more with the idea of sponsorship, as the company has paid for these souvenirs to be made, and they are distributed so people carry on integrating the brand. Often it is seen as a form of appreciation from the brands, well appreciated by customers, and these souvenirs can go far and wide to create further awareness for the brand that is giving the souvenirs to the people (Morgan and Pritchard 2005). There is always a free pen at Barclays banks for customers to use and subsequently take away. Likewise, there are pencils at IKEA, and even at hotels there are different souvenirs that bear the name of the hotel which customers are free to take. Airlines are also fond of giving souvenirs with their names, logo and colours to travellers. Universities are not exempted from using these strategies—in the welcome pack to new students, they give them note pads, water bottles and power banks with the name of the university on it. Therefore, everywhere these new students go, they will be carrying these identities with them and helping to disseminate the university's brand identity (■ Fig. 6.2).

6.5.10 Mascot

This is becoming an increasingly popular way of physically representing a brand and integrating the brand further. Brand characters are ubiquitous in marketing (Hosany et al. 2013). These characters help build and strengthen brand identity; they present an emotional connection with the audience and can further help concretise and reproduce an organisation's identity in an international context (Cayla 2013). This mascot can be a person, animal or object but often presented in an anthropomorphic form, which attributes human traits, emotions or intentions to non-human entities, like an animal. Sanrio's iconic character Hello Kitty, a cat notably with no mouth but personifying cuteness and innocence, Walt Disney's Mickey Mouse and Minnie Mouse and McDonald's Ronald McDonald are perfect examples of this brand management technique.

Service providers also use a mascot as a form of "tangiblising" their services—making them more tangible and physical (Mogaji 2018). Examples are Wilbur the penguin from British Gas, Zingy from EDF Energy and the Michelin (tyre) man These mascots are incorporated into the TV advertisements, used as memes on social media and are also offered as soft toys and souvenirs.

Mascots are among the most cherished traditions in sports, especially for universities and other sports clubs. These mascots can be dogs, eagles, tigers or other animals, often presented in the colours of the brand; they are visible during team activities and events. Buckingham U. "Bucky" Badger, frequently illustrated in a red and white striped sweater, is the official mascot of the University of Wisconsin–Madison. It was first used in 1940, and it attends all major sporting events for the Wisconsin Badgers as well as hundreds of other events around Wisconsin every year. Manchester United's official mascot since 1994 is *Fred the Red*. The name is pulled from Manchester United's nickname: The Red Devils. Wearing shirt number 55 it was voted the most popular club mascot in Match Magazine back in 2011. Fred dances for fans ahead of matches to get folks in the mood for action. Arsenal also has a giant green dinosaur called *Gunnersaurus*, it has been with the club and entertaining the crowd since 1994. Chelsea's mascot is *Stamford the Lion*. The lion was joined by Bridget, also a lion, in 2013 and they went on international tour with the team.

It is important to note that these mascots become an integral part of the brand; they bear the identity, including the colour and personality of the brand. They offer a distinct and recognisable personality for the brand. Their presence can be the start of a conversation, bond and relationship with stakeholders. In choosing a mascot, it is essential not to have any live animal, to avoid ethnic stereotypes and be very considerate. A brand must also ensure the mascot chosen represents the brand and resonates with its general audience.

6.6 Whose Is Responsible for Brand Integration?

It is critical to recognise who is responsible for brand integration. That person needs to coordinate, monitor and evaluate the process. As with any brand management process, the responsibility depends on the size and structure of that brand. Often this will be the brand owner or the brand manager.

6.6.1 Brand Owner/Brand Manager

The brand owner is the founder of the organisation or the owner of the business who is still responsible for the day-to-day management. Where the brand owner is still involved in the running of the business, they can also be the brand manager. This is often possible for small and medium sized enterprises where the founder owns the business and takes responsibility for the sustainability of the brand. The founder may be the one who develops the advertisements, orders the souvenirs online and negotiates a sponsorship with the local primary school.

The responsibilities of the brand owner to fully integrate the brand may be limited due to financial and human resources. However, the brand owner can still make an effort to integrate their brand by working with the little resources they have. This may include working with micro-influencers to create branded content or entering into a sponsorship arrangement from an affordable category. In this case the logo might be small among the list of partners but it is still an opportunity to integrate the brand. While a small brand may want to compete with a bigger brand for attention, it is essential to start small and increase the amplification of the brand over time.

6.6.2 Employed Brand Manager

The brand owner may not necessarily be the brand manager. The employed brand manager position applies mostly to a more established brand that can recruit an individual or a team to manage the brand. The employed brand manager may be responsible for a product line or a bigger brand, and they are expected to come up with ideas to integrate the brand. The brand manager may have to negotiate different offers to find the one that suits their brand. The brand manager may also have to work with other stakeholders like movie producers for brand placement, event organisers for sponsorships and media planners to secure an advertising space. They are also expected to evaluate these strategies and understand how it has contributed to the growth of their brand.

6.6.3 Brand Management Consultants

These are agencies and consulting firms that assist brand owners and employed brand managers in their branding process. Brands may engage the service of these consultants to assist in better integration of the brands. Landor is a Branding Agency that worked with Sri Lanka's government to provide a compelling and unifying way of articulating the country's distinct identity and experience as one of the world's fastest-growing tourism destinations. The agency developed and integrated identity for the country, which was focused more on targeting the right audiences. The work was launched in November 2018 at the World Trade Market, London's prestigious international travel trade show.

Lippincott was tasked with rebranding Southwest Airline, uniting a fragmented visual system and helping the airline connect with two highly desirable segments: millennials and business travellers. The agency changed the logo, introduced a new wordmark, dropped the plane from the logo and came up with a heart as its main symbol which now has a yellow, red and blue striped look. The agency further integrated these new brands across the board, including the airports, website, planes, snack packaging and even lapel pins.

These consultants have the experience and resources to go about this task. While lack of financial resources may prevent some brands from using the services of brand consultants, there are many cheaper and affordable alternatives in the form of freelancers and small boutique agencies. This, however, depends on the size of the brand, the nature of the task and the budget. Freelancers can be hired for a low budget and they do not get any right to the designs or any work they do for the brand. This makes it a better choice for small brands that cannot afford the high fees of most renowned brand management consultants.

6.7 When to Integrate

Brand integration is a process in the brand management cycle. It can be a very demanding process. It is worth exploring in this section when it is necessary to integrate the brand, and whether this is something that should be done regularly.

6.7.1 Continuously

Despite its demanding nature, brand integration should be carried out continuously. The brand owners need to ensure that their brand is still relevant, distinguishable and available for consumers. Brands should not stop advertising, engaging in corporate social responsibility or partnering with different organisations that may enhance their positioning and image. It is not surprising to see that Coca-Cola still advertises every Christmas. It is not that the world does not know about Coca-Cola, but there is a need for continuous integration, to consistently present the brand and create an experience for the consumers. This effort ensures that the brand remains in the memory of the consumer. The frequency of these strategies, however, may change. This is to ensure that the budget is prudently spent, and consumers are not bombarded with boring and unnecessary information.

6.7.2 New Brand and Rebranding

At the creation of a new brand, it is essential to create awareness about it. This suggests that brand integration is needed at the rebranding of a brand. A new look and feel have been created, and the stakeholders need to be informed and made aware. This is important to ensure that the target audience gets to know about the brand, and they can build the association. This even becomes more important if the rebranding presents a brand identity that is not hitherto known to the customer base or a complete change from the original design. In this case, advertisements and press releases are an essential strategy to adopt. Souvenirs, change in staff uniform and other liveries are also needed to create awareness about the new brand. As well as this, the brand can send an email to the customers and other stakeholders to inform them of the impending changes. Brand owners who feel concerned about losing customers after rebranding, may have to be strategic and present a gradual integration of the new brand.

Case Study 6.3: Sidian Bank

Sidian Bank is a full-service commercial bank providing an array of financial services to individuals and enterprises and has been a leading player in Kenya's enterprise banking sector. The bank, formerly known as K-rep Bank, has its origins within K-rep Group, an investment vehicle which was established in 1984 as a project that supported the development of small and micro enterprises through NGO-managed programmes. In November 2014, Centum Investment Company Limited acquired the majority shareholding of K-rep Bank, making it a subsidiary of Centum. In early 2016, the bank rebranded and adopted a new and fresh look brand named Sidian Bank.

This warranted a change in all the brand identities such as logo, typography, colour palette and this was reflected in their website, mobile application and branch designs. The new brand identity was designed by Zilojo. The rebranding was announced, among many other options, as a full-page advertisement in a newspaper. It was important for the brand to integrate this new identity as it moved away from the initial identity. There was a new name, new colour, new typeface. It was a complete change, and consumers needed to be made aware of this.

- **Reflective Questions**
  - Why was it important for Sidian Bank to create a newspaper advertisement to announce a change in their brand identity?
  - Who are the stakeholders that need to be aware of Sidian Bank's rebranding?
  - Why do you think they had to outsource their brand identity to another company? Couldn't they have designed it in-house?

6.7.3 Launching

Brand integration also becomes necessary when the brand is launching a new product or an extension. This builds on marketing communications for the new product. It becomes essential to reinforce the new brand as a member of an existing brand which is well recognised.

6.7.4 Partnership and Initiatives

Brand integration is also important when, launching a new initiative, for example NatWest Bank's Money Sense, a CSR initiative where they educate 5- to 18-year-old students on financial planning, Sainsbury's commitment to net zero emissions by 2040 and Sky's commitment to net zero emissions by 2030. These brands need to showcase what they are doing, and they are positioning themselves as ethical brands mindful of society and the environment. At the same time, this offers the opportunity to integrate the brand. It is always good business practice to take pride in the good that a brand is doing. It adds credibility and improves reputation. It is, however, important that this is in moderation. The attention should be more on the activities and social good and less on the brand.

6.7.5 Scandals and Misconduct

When a brand or its representatives perform below expectations, there are possibilities that the public will begin to have a negative perception of the brand. The public may feel that the brand can no longer be trusted. This can affect the credibility, reputation and value of the organisation. After the global financial crisis of 2007–2008, banks understood that their reputation had been damaged, people no longer trusted banks; it was then necessary to adopt emotionally appealing strategies to engage with the consumers. Banks like NatWest did advertisements whereby they acknowledged they had done wrong and apologised, recognising that banks should be responsible for what they do, not just what they say. KFC also had to make a public apology when it had logistics problems and as a consequence there was no chicken in their stores. In the time of scandals and misconduct, brands need to own up to their mistakes, take responsibility and reintegrate their brands. It is essential to position the brand as one that has learnt lessons and is willing to change, to ensure that such a mistake does not repeat itself.

6.8 Who Needs the Integration?

While integration is an essential part of the brand management process, understanding the direction of the integration is essential. This section explores the different possible directions for integrating a brand. It is necessary to understand the stakeholders, what they prioritise and the best way to effectively engage with them Keep in mind that there are different brands with different levels of expectation and resources to effectively integrate.

6.8.1 Customers

Importantly the consumers, including the prospective customers, need to be aware and recognise the brand. The knowledge is essential at the point of purchase, for recommendation and future engagement. Brands need to be aware of the customers' needs, including the proper channel of communications before integration. This understanding will also shape the type of integration strategy to adopt. If the target audience is parents and children, partnering with the local primary school for the Christmas Fair may be a better option than sponsoring an event in another country. This understanding is essential for strategic integration.

6.8.2 Competitors

The competitors need to know that a new sheriff is in town. This is an attempt to integrate the change in value proposition and service offering. It also sends a message to the competitors' consumers who might be looking for an alternative. These prospective customers are made aware of the changes the brand is making and they should be invited on board. This can also change the competitive landscape and may make other brands follow suit in changing and repositioning their brands.

6.8.3 Colleagues

Colleagues and employees need to be aware of and carried along with the change. Through their actions and relationship with the customers, they integrate the new brands. Therefore, they need to be well trained beforehand in order to recognise and adopt the new identities. This could mean wearing the new uniform, using the lapel pin and changing their email signature. No doubt there could be some resentment and reluctance to change and adopt the new identity. The staff must, however, be reassured of the importance of integrating the identity through their deeds and actions.

6.8.4 Regulators

For some brands, it might be necessary for regulators to be aware and reminded of the new identity. It will be necessary to change the logo on the database or replace the name. Updating this information goes towards ensuring that the brand's new identity is consistent across all touchpoints (Mogaji et al. 2020a, b). In some situations, a change to a non-profit organisation's mission may require a notice to the organisation's state of incorporation and the internal revenue service. In England, it is necessary to ask for permission from the Charity Commission to make a change to the charity's identity if the governing document requires that. In Scotland, if a charity wants to change their purpose, they need to first seek the consent of the Office of the Scottish Charity Regulator (OSCR) while in Canada, the Canada Revenue Agency (CRA) regulates the charity organisation.

6.8.5 Stakeholders

Brands need to engage and integrate their brands to other stakeholders as well. These include those who will be working in one way or another with the brands. They include partners who may need to update the identity in designing a new brochure, shareholders or even the press and media. This integration is to ensure a consistent and coherent presentation of the brand identity across the touchpoints.

6.9 Considerations for Brand Integration

While brand integration is described as an essential process of brand management, it is crucial to explore key considerations and how they relate to the brand owners and the type of brands they may be working with. One size does not necessarily fit all, and it is essential for brand owners and managers to be aware of these considerations and how they may affect their business practices.

6.9.1 Consistency

Brand integration needs to be very consistent. Brand guidelines are needed to ensure that the brand is integrated consistently across all channels. Practically this means that the brand identity that is presented in the advertisement is the same identity presented on the partner's press release when announcing the new partnership and collaboration. This means that whatever media the brand is using or the kind of partnership or collaboration they have developed, the same identity is integrated in what the brand does at all times. In the case of rebranding as well, the new brand should be used, staff should be aware of the new changes, consumers should be reminded of them as well.

6.9.2 Shared Values

To integrate the brand, brand owners and managers may want to work with other brands in the form of sponsorship, partnership or collaboration. Any partnership signed must be with brands that have the same interests and shared values. This is important to avoid situations whereby a brand is brought into disrepute because of the association with another brand. Brands must distance themselves from any of their endorsers or ambassadors that have been involved in scandals. In the cases of Tiger Woods, Maria Sharapova and Lance Armstrong, many brands terminated their partnerships. While they want to integrate their brands, they were mindful of not destroying the brand values and image through bad associations with another brand.

Case Study 6.4: LEGO and Shell

Lego, a prominent Danish toy company and Shell, a prominent Dutch oil company, have partnered together for over 50 years. Lego has enjoyed distribution while Shell has received a positive brand association. There was a connection between Lego's race cars and Shell's gas station sets which allowed Shell to build a connection with drivers at a very young age. The problem here, however, is the values and nature of the businesses are incongruent. Lego appeals to children while Shell's activities are known to be affecting the environment and the planet, destroying the future of these children.

Greenpeace, a non-governmental environmental organisation with a mission to defend the natural world and stand for a green and peaceful world, came into the picture. The organisation uses non-violent, creative confrontation to expose global environmental problems. They released a widely watched and shared YouTube video that criticised the partnership between these two brands. This video was very emotional depicting a Lego shell drilling rig in a Lego arctic with the wildlife drowned by thick crude oil (supposedly from Shell) with the rendition of The Lego Movie theme, "Everything is Awesome" as background music. (Greenpeace has also worked together with the UK retailer Iceland to address how the palm oil industry is destroying Indonesia's forests, threatening orangutans and the environment).

The public outcry, protest and possible reputation damage has brought the Lego-Shell partnership to an end. The existing deal began in 2011, but the corporate relationship between the brands stretches back to 1966. Jørgen Vig Knudstorp, the toy maker's chief executive, said Lego would honour its existing deal with Shell, but "as things currently stand, we will not renew the contract with Shell when the present contract ends." This negative association highlights an implication for a brand partnership, co-branding and co-creation. Some relationships may be thought to be completely inappropriate, and the aftermath can effectively weaken the brands. If things do not go as planned, it can have adverse effects on one or both brands.

- **Reflective Questions**
- Why do you think it was important for LEGO to terminate the partnership?
- How important is it for businesses and brand partners to have shared interests?
- How would you describe the brand integration strategy of Greenpeace in this campaign?

6.9.3 Congruency

This aligns with the idea of shared values. While shared values between the brand and partners are essential, understanding the congruency in relationships and engagement between the brand and the customers is essential (Mogaji and Danbury 2017). The question remains, do consumers believe the message they are receiving from the brand? The brand may be integrating the message, the consumers keep receiving it, but does it appeal to them? The brand may need to re-examine their brand philosophy and brand position to understand the consumers' perception of their brand and see if there is something inherent in the brand that needs to be changed. Perhaps there is something that an identity change and integration cannot resolve. It could be an issue with the brand's foundation, positioning, core values and philosophy which does not reflect what the consumers are experiencing.

6.9.4 Financial Limitations

For small or growing brands, the financial limitations in fully integrating the brand need to be acknowledged. These brands may not be able to afford a full-page advertisement in the newspaper, a billboard advertisement or online campaigns targeting millions of prospective customers. Brands need to be aware of their budget and adopt a very prudent approach. This could mean starting small but consistently. It could mean using a quarter page advert lasting for many weeks. What is being projected here is that the brand must make concerted efforts to ensure they get their messages and intention out to other people who might not really know what the brand is doing at a point in time. Informing people about the brand does not have to be expensive, but it must be consistent and reasonable.

6.9.5 Shared Benefits

The brand needs to be aware of the shared benefits in its integration strategy. This is specifically for brand sponsorships, partnerships and collaboration. While a brand engaging in corporate social responsibility practices may not be interested in any financial returns, working in partnership with another brand needs to be of shared interest and present shared benefits. The brands need to evaluate what they will be getting in return for the sponsorship and collaboration. Could this be just awareness for sponsoring the World Cup or an increase in sales? There should be a benefit for the brand before engaging in such an arrangement. Associations should be evaluated and if need be, terminated. In 2016, Chelsea Football Club and Adidas mutually agreed to terminate their existing partnership agreement prematurely (it was supposed to end in June 2023 and instead ended in 2017). Adidas had been sponsoring and supplying sportswear for Chelsea Football Club since 2006. Adidas was compensated for the early termination of the contract.

6.9.6 Length and Extent of Integration

The brands need to be aware and understand the full extent of the integration strategy. This knowledge is essential for effective planning, especially in the long- term. While working with other brands, even though there are shared values, the extent and expectations of the collaboration should be discussed and documented. This understanding allows for the evaluation and monitoring of the relationship. Each brand knows what is expected of them, how long it is expected, and the resources that they may have to invest in maintaining the integration.

6.9.7 Legal Implications

Brands need to be aware of legal implications during their brand integration process. There are possibilities of being subject to legal challenges and calls for restraint, particularly in cases where more vulnerable audience groups are involved (McWilliams et al. 2006). For example, it would be inappropriate for a tobacco brand to be integrated towards children; the target audience should be above 18. Likewise, brands need to consider the ethical implications of their strategies. They need to make sure that their brands are sponsoring ethical brands, partnering with ethical brands and engaging in activities that will not damage the reputation of the brand.

6.10 Conclusion

The brand has spent a considerable amount of money and resources to develop their identity; it is, however, essential to integrate this brand identity. Just having a logo and other brand identity is not the end of branding. The stakeholders must know about the product and be able to identify the brand. Brand integration involves generating awareness, establishing and promoting the brand using strategies and tactics. These tactics include advertisements, celebrity endorsement, which can offer credibility in terms of expertise, trustworthiness, likability and attractiveness and sponsored events.

Brand integration fits into the integrated marketing communications and brand management process. There are enormous benefits for the brands, and the consistent integration ensures that the brand remains highly visible and recognisable, builds loyalty and the relationship with customers. The role of the brand owners, brand managers and brand consultants in developing and implementing these brand integration strategies has also been discussed.

Financial strength and human resources may be limitations for some brands but brand integration is an important process of brand management that cannot be ignored. Perhaps an attempt could be made at starting small, working with micro-influencers, using quarter page advertisements and consistently integrating the brand. Brand managers may also want to be strategic in partnering with other brands, getting involved in charity and CSR practices. These activities give the needed awareness for the brand. Though some steps may be considered small, it is the effort that counts; the quality of the integration will evolve. Importantly, brand managers need to keep in mind that collaboration for brand integration should be between brands that have shared values and interests.

Key Points

- Brand integration is an essential part of the brand management process.
- Brand integration ensures that the brand and its identities become more recognisable and distinguishable.
- Brand managers need to be aware of different limitations that may affect their integration strategies.
- Brand integration is the responsibility of the brand owners and managers. Brand consultants may be invited to contribute and assist with the process.
- Brand integration should be a continuous process. The frequency and intensity may, however, vary depending on the type of brand and the other constraints.
- Brand integration becomes necessary at rebranding, launching brand extensions or after a scandal or crisis.
- Brands integration should be consistent across different touchpoints and media.
- Brand integration should be with brands that have similar and shared benefits.
- The extent and length of the integration should be understood.
- Different brands will have to adopt different integration strategies. Know your brand. Know your stakeholders. No strategy fits all.

▶ Student Activities

1. What is your understanding of brand integration?
2. What is the relationship between brand philosophy, brand identity and brand integration?
3. Why do you think you have not seen some brands? What is limiting their integration?
4. How would you describe geographical locations as a limitation for brand integrity?
5. What other way do you think a brand can be integrated?
6. What is the role of a brand consultant in the brand integration process?
7. How do you think staff can aid the integration of a new brand?
8. How vital is brand integration towards the competitors and their customers?
9. Do you think it is crucial to further reintegrate the brand after misconduct by the CEO of the company? If so, what are the implications?
10. If you were to have a mascot to integrate your brand, what would be the key features?
11. What is the implication of partnership/sponsorship termination on the brand's image?
12. How would you expect organisations with limited financial resources to integrate their brands? ◀

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Brand in the Digital Era

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Alex is pleased to share the metrics and analytics of the #AlexNewLogo hashtag. Many people engaged, wanting to know more about the charity. The friends are pleased, knowing they used their digital channel and access on social media to help Alex's brand. Sam shares an experience where a social media influencer worked with one of their brands to create more buzz about the product. It went well and there were positive responses. Sam shares insight on sentiment analysis, a tool to help understand the value of collaboration, saying that responses are mostly positive. Code, Sam and Alex all agreed on the use of social media to create attention for the brand. Code, however, adds that it should not just be attention, but that being responsive to queries and engagement is essential too. While talking, a message pops up about a mention of their manufacturing brand on Twitter, urging a follow-up. Code works with a small company, making it essential to interact with consumers using social media or messaging platforms to answer consumers' queries. As evidenced from their conversation, it is important for brands to recognise the prospects of digital technology in building their brand value. For those who want to know more about Alex's charity, they may need to access a website; therefore; Alex is expected to provide a website which contains at least basic information about the charity. Code needs to recognise the changing behaviour of consumers as they engage with technology and engage with their brand. Someone, somewhere can send a tweet which can have a negative effect on the reputation of a brand. The brand managers need to be aware of all these challenges and put measures in place. Trends are important—digital innovations, social media, influencers, content creation—all these are relevant for brands, no matter their size or target audience.

Overview

Digital channels and assets are becoming an integral part of business practices and brands need to use them effectively to communicate and position their brands. Being digital requires being open to re-examining your entire way of doing business. It is essential to recognise that the basic principles of brand management are still relevant, but the presence of digital innovation is shaping how these brands are managed. In this chapter we will explore brand management in the context of the digital age and look at how digital innovation is disrupting the meaning of a brand. We will also examine consumer behaviour, especially how they engage with brands. In conclusion, there are some key brand management strategies for brands in this digital age. The technology is available; brand owners just need to harness these technologies to reposition and develop their brands.

Key Question

How can digital channels and assets be used to communicate and position a brand?

Learning Outcomes

At the conclusion of this chapter, you will be able to

- explain the concepts of technology and the digital era;
- describe the features of the digital era;
- give examples of brands in the digital era;
- recognise the idea of brand engagement in the digital era; and
- describe brand management in the digital age.

7.1 Introduction

Technology has changed and is changing the way consumers engage with brands. There are lots of expectations for brands to participate more dynamically in this digital era. Consumer behaviour has changed, and likewise, brands are expected to follow these trends and evolve their provision. Access to the internet, smartphones, social media and a vast volume of data are shaping brand management. Brand owners should not rest on their oars. They will become obsolete if they refuse to reposition themselves.

While it is still necessary to have a valued brand, well-positioned and grounded in ethical practices, in this digital era, there is more to brand management than that. Brand managers need to recognise the implications of technology as they engage with consumers, other brands and other stakeholders. There is increasing competition for attention and consumers' attention span is reducing. Brands need to remain relevant and keep up with these innovations.

7.2 Technology and the Digital Era

Technology and digital have become buzzwords, and everyone is getting on board. While this is true and relevant, it is essential to have a deeper understanding of these concepts and how they shape brands and brand management. Irrespective of the size of a brand, whether small or international, it is essential to examine how technology can be incorporated to change the face of your business and engage with your customers. Technology and digital devices are particularly helpful with regards to branding in the business sectors. Technology has transformed every area of human life and it is helping businesses grow (Huda 2019). Using technology in branding of a business is something that managers have to do if they intend to have a place in the minds of many consumers (Boukis 2019). Technology is innovation aimed at improving productivity (Kijek and Kijek 2019). Technology is the branch of science that deals with machines, devices, robotics, mechanics and so on. Many years ago, humans relied on horses for transportation, but with technology, we had bicycles, cars and now we have self-driving cars. Previously many people had Kodak cameras and had to replace the film. Nowadays, they have cameras on mobile phones to take pictures. The function of camera, music player, voice recorder, video recorders and many other internet devices have been merged into a single portable device, the smartphone. This shows how technology has evolved over the years.

Kodak was famous for its camera, Sony for the Walkman and Digital Audio Tape was known for playing music. There were pagers and beepers, which were often used by emergency services, doctors and safety personnel who needed to be reachable at all times. Likewise, there were fax machines. These were brands that were previously well valued and cherished and employed brand managers, but with the evolving technology, they have become obsolete. The invention of email, the internet and advances in computing technologies brought an end to the fax machine, the weight, durability and accessibility to mobile phones brought an end to pagers and music players. Technology is like a double-edged sword, as it makes some brands obsolete, it creates new brands that need to be managed and developed.

Digital, on the other hand, is a derivative of technology. The digital output is dependent on technology. Technological advances enable us to ignore Kodak films and have digitalised images through mobile phones. Digital allows us to do away with the fax machine and use a scanner to get a PDF file. Digital ensures that consumers engage with technologies to share images (Instagram), to watch videos (YouTube), to shop online (Amazon) and connect with friends and family (Facebook). These advancements are shaping consumer behaviour and how we engage with brands. Understanding the implications of this is essential for brand managers. Technology will continue to advance and brand managers need to ensure that their brands follow the trends and evolve with consumers; if not, they will become obsolete.

7.3 Features of the Post-digital Era

The digital era is characterised by technology which increases the speed and breadth of knowledge turnover within the economy and society (Shepherd 2004). This era, often described as the information age, which started in the 1970s with the introduction of the personal computer and subsequent technology, provided the ability to transfer information freely and quickly. Goodwin (2016), however, describes three ages of digital. The pre-digital age was a time where devices had just one function; mid-digital was a period that straddles the age where digital was just becoming accepted into the mainstream and the age where digital was fully immersed into our society, while post-digital is when digital has become an integral part of society, and no one thinks about it again. Digital recedes into the background. The post-digital era is, however, relevant in this context. This is a time where technology is a way of life; its basics are no longer innovative. Instead, brands are building on this. Here are some features of this post-digital era.

7.3.1 Technology

Smartphones, websites, search engines and social media shape how consumers engage in this post-digital era. The technology keeps improving, and consumers engage with brands. Banks allow customers to sign into their account through fingerprint or facial recognition. A shopper can now complete their transaction over social media networks. Brands can now be ordered through simple voice command. These technologies present opportunities for the brand to get closer to their customers.

7.3.2 Access to Data

This digital era has opened opportunities for data generation. In a day, according to Raconteur (2019):

- five hundred million tweets are sent,
- two hundred ninety-four billion emails are sent,
- four petabytes of data are created on Facebook,
- four terabytes of data are generated from each connected car,
- sixty-five billion messages are sent on WhatsApp and
- five billion searches are done.

By 2025, it is estimated that 463 exabytes of data will be created each day globally—that is the equivalent of 212,765,957 DVDs per day! The exponential growth of data is undisputed, it has been fuelled by Internet of Things (IoT) and the use of connected devices. Brands now have access to a vast amount of data from different touchpoints where they engage with their consumers. These data can be processed using artificial intelligence and machine learning to make an informed business decision.

7.3.3 Consumer Behaviour

The way consumers behave is also continually evolving in this post-digital age (Indahingwati et al. 2019). There is a rise of empowered consumers who can use their social media platforms to shake a brand (Ukpabi et al. 2018; Mogaji 2016), Consumers can share tweets on social media that can affect the shares and value of a brand (Mogaji et al. 2020a). Consumers can voice their opinions and concerns about brands through likes, comments and reviews. They are now willing to engage with chatbots and virtual assistants and to do their banking online through apps and websites. Consumer behaviour has changed as technology becomes more integrated into daily activities.

7.3.4 Disruptive Brands

The advancement of technology has also brought about some business innovations that are challenging and shifting the norms of doing business (van Rensburg 2015). These are not limited to products but also services like Uber disrupting the transport industry. Rent the Runway, the 10-million-member wardrobe-for-rent retailer, is transforming fashion retail. Airbnb is changing real estate, allowing homeowners an opportunity to rent their homes and apartments. Netflix has also disrupted the streaming business. Advertising and marketing are not exempted from this disruption. There is a growing number of AdTech and MarTech agencies using technology to understand the customers and developing creative ideas for brands. Likewise, there are influencer marketing agencies like Tribe and Goat. These new brands have emerged from the opportunities created through digital technology (Fig. 7.1).

As illustrated above, brands evolved with digital technology. Brands that could not meet the growing needs of consumers became extinct. Examples are Kodak, Blackberry and Klout. While there are still traditional brands, like in the automobile and banking sectors, they have extended their brands and viability by partnering, acquiring or developing a chal-

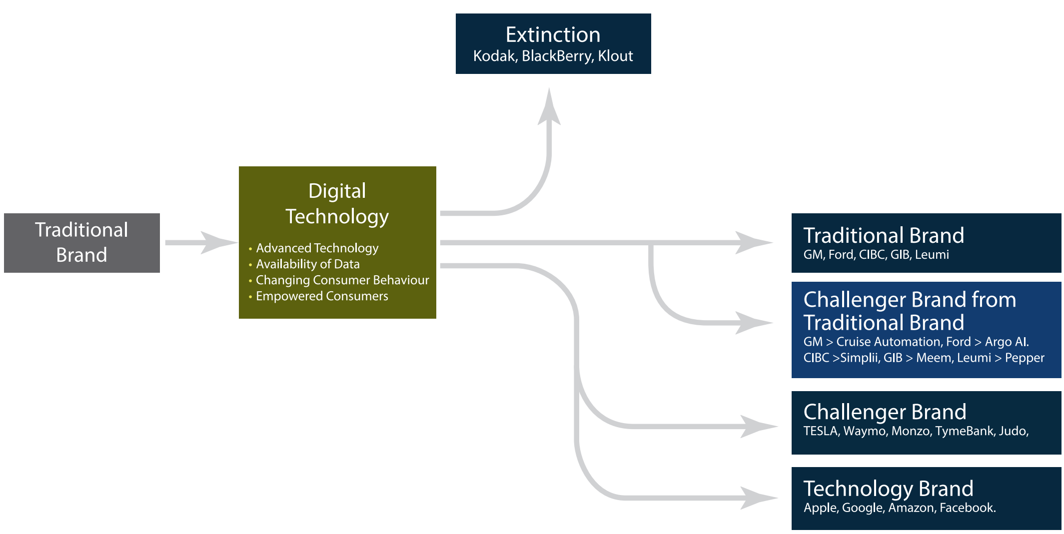

Fig. 7.1 Conceptualising digital innovation in brand management. (*Source*: Author)

lenger brand. There are examples of car manufacturers acquiring AI start-ups and banks creating challenger online mobile-only banks to engage with millennials who may want to do their banking online. There are also the challenger brands that are challenging traditional brands. Tesla is challenging the automobile industry, Monzo and Judo are challenging traditional bank brands. Lastly, there are technology brands that arose from technological advances. Apple, Google and Amazon shaped their businesses with technology, providing products and services that meet changing consumer behaviour.

7.4 Engaging with Brands in the Digital Era

Artificial Intelligence and emerging technologies are transforming modern business. Consumers are engaging with innovative brands that meet their needs. These changes will accelerate over time, both consumers and brands will further define their relationship, and the level and intensity of engagement will also be redefined. From a brand management point of view, it is essential to have knowledge about the present level of commitment and use this knowledge to plan for the challenges that lie ahead. This section highlights the implications of consumer engagement with brands in today's digital world.

7.4.1 Changing Consumer Behaviour

Brands cannot ignore changing consumer behaviour. The basic needs might remain, but the way consumers are meeting those needs are changing. There is still a need to shop, but consumers increasingly prefer to buy online, presenting critical implications for retail stores on the high street. There is a still a desire to read books and watch movies, but consumers are choosing to read e-books on mobile devices and watch videos on demand. There is still the need to travel and move around, but consumers are considering a more sustainable and automated form of driving. So, consumers' behaviours and wants are rapidly changing and brands must be up to speed if they want to retain their users.

These changing behaviours have an impact on brands. Some brands are losing out because consumers no longer find them relevant, while other brands are benefiting from these changes because consumers are finding they meet their needs. Another example is the ability to order food online through Uber Eats or Deliveroo. Consumers do not need to leave their house to get their meals. However, restaurants are becoming empty because diners choose to eat at home. These brands form an intermediary between independent take-out food outlets and customers. Consumers want to do things with ease in their own time, brands need to recognise this and shape their business practices to meet those needs. This could mean McDonald's or KFC partnering with Uber Eats or Just Eat to deliver the burgers and chicken fillets to their customers at home.

7.4.2 Brand Options for Consumers

With many brands trying to meet the needs of consumers, there are many options for consumers to choose from. Samsung, Apple and Google are all promising innovative products for consumers. Amazon Echo, Apple HomePod and Google Home are smart speakers competing for consumers' attention. TV streaming is becoming a crowded, competitive landscape. With the launch of NBC/Comcast's Peacock and AT&T's HBO Max, in addition to Netflix, Amazon, Disney Plus and Apple TV, consumers have more streaming choices than ever.

In social media networks, TikTok is a growing social media platform for short-form mobile videos. It is available in over 150 countries and has over one billion users as of February 2020. TikTok competes with Apps like Snapchat and Instagram. With these growing choices, consumers must decide which brands to use. It is not surprising to see consumers deciding based on their values and morals, especially around sustainability and responsible consumption. This highlights implications for brand loyalty—with such a proliferation of offers, how can a brand ensure that their consumers remain loyal? Brands need to recognise the possibility of consumers switching to another brand as their loyalty is now regularly tested.

7.4.3 Reliance on Technology

There is a growing reliance on technology for consumers' day to day activities (Mumuni et al. 2019). The ways consumers use their devices to search for what they want to know, do and buy, and where they want to go, are becoming smarter and more personalised. Banking is now mostly done on mobile phones and applications; consumers can shop online and virtually try on the clothes. Google Maps is becoming an integral part of the daily commute. Consumers use an app to order food, do laundry and get a taxi. It is believed that brands do their work faster and reach their brand users quicker when they use technology. Hence, brands should always use new technology to their advantage.

This vast reliance on technology is further shaping how brands are positioning themselves to become more viable. Brands like Google nest which have smart home products like voice control of heating and lighting, are positioning themselves to appeal to consumers who want to engage with brands in a digital world. Facebook has developed the Portal+ integrating their messenger and WhatsApp to allow Smart video calling. In addition, the hardware will enable owners to listen to music, check their front door and display their favourite photos. Voice search is a method that is rapidly gaining momentum, offering consumers a hands-free way to access local business information in their cars. According to Uberall (2019), more than one in five people in the United States is using voice search and 48% of voice search users have searched for local business information. The Echo Dot was crowned as the best-selling product on Amazon in the 2018 holiday season. Google sold more than eight million Google Home models in 2019. The Top three common keywords in voice search phrases are "how," "what" and "best."

7.4.4 Availability of Data

As consumers engage with brands, they leave digital footprints. These footprints allow the brands to have a better understanding of the consumers. A vast amount of data is being generated due to the increased use of mobile devices, cloud computing and the internet. This has contributed to the significant development of Artificial Intelligence (AI), which offers opportunities to enhance campaign creation, planning, targeting, planning and evaluation (Dwivedi et al. 2019).

When exploring opportunities for AI in digital marketing, three key stakeholders can be identified (Mogaji et al. 2020c). Firstly, the brands which need to understand their customers and communicate with them on a very personal and emotional level. Secondly, the advertisers and marketing agencies that are responsible for digital marketing strategies need to consider AI as they are also major players. They need AI to bridge the gap between the brands, the customers and data (Dwivedi et al. 2019). Thirdly, the customers who need to engage with the brands' marketing communications. They are the recipients of the information and the generators of the data which is being used for targeting.

Data is essential in understanding the customers and their journeys, and in developing the advertising campaigns (Mogaji et al. 2020b). However, there are challenges for collecting and using the data, especially considering the European Union's General Data Protection Regulation (GDPR). Consumers are being mindful of how they give out their data and how brands are collecting the data. This highlights implications for ethical collection and use of customers' data by the brands.

The available data also includes user-generated contents that are shared on social media. There are possibilities of extracting this information—text mining and natural language processing (NLP) to understand what consumers are saying about brands. There are opportunities for sentiment analysis and brand mention analysis. AI algorithms can access the data to give accurate recommendations and information about relevant products or services. The data is readily available, brands must, however, know how to ethically collect the data and analyse it to make a business decision.

7.4.5 Empowered Consumers

Consumers now have greater control over the level of engagement with brands. Social media has further empowered consumers as they engage with brands (Yuksel et al. 2016). Consumers can instantly make their concerns known about brands and share them on social media platforms. Likewise, consumers can use this platform to create awareness and enhance the positive narrative about a brand. Consumers are now empowered to inform other consumers about the quality of a product or service through various reviews, ranking and feedback. It's possible to leave a comment on a public social media post. Customers comment on sites like Trip Advisor or Google review to inform other customers about brands. Brands can no longer deceive customers, and there is a need for more transparency. Consumers can ask brands questions, and if the brands do not give appropriate answers, consumers can take their business away.

Case Study 7.1: Dave Carroll and United Airlines

Canadian country and western singer Dave Carroll and his band, Sons of Maxwell, travelled on United Airlines. Dave Carroll found that his Taylor acoustic guitar had been damaged by baggage handlers at Chicago's O'Hare airport. Dave Carroll asked for compensation, but the airline refused, so the band made a song titled "United Breaks Guitars" to chronicle the real-life experience of how his guitar was broken, naming and shaming the airline in a YouTube video.

The music video became an internet sensation and received a lot of media coverage. It was described as complaining without yelling. United Airlines had to contact Carroll saying it hoped to right the wrong. The video became one of the top ten viral videos in 2009, and you can imagine what that might have done to the reputation and value of United Airlines. The airline, however, later donated $3000 to the Thelonious Monk Institute of Jazz as a gesture of goodwill, but it did not do much to contain the damage.

In May 2012, Carroll published a book, United Breaks Guitars: The Power of One Voice in the Age of Social Media, detailing his experiences. Carroll further released two more songs on that experience.

► https://www.youtube.com/watch?v=5YGc4zOqozo&feature=youtu.be

Reflective Questions

- How do you think United Airlines could have better handled the situation?
- Considering this happened 10 years ago and got such a huge response, how do you think this would have affected United Airlines in this social media age?
- Would you write a song to complain to a brand?
- What other creative ways could you complain to a brand?

7.5 Brand Management in the Digital Age

So far, we have looked at the implications of technology and digital media for brands, and how brands have had to change their business practices to remain relevant. We've also looked at consumer engagement with a brand in the digital era; consumers want to do things in comfort and in their own time. They need brands which can meet those needs. These changing behaviours, coupled with the advancement of technology, present critical implications for brand managers. Specifically, how to manage their brands in this dynamic, competitive and digitally driven business environment. The global market is changing rapidly, to conduct business is getting more complicated, and this is not just limited to big brands but also charity organisations and start-ups. There are challenges, and brand owners need to take responsibility to prepare and position their brands for the future. This section contains an action plan for brand managers to consider.

7.5.1 Recognise Trends

The brand manager needs to be able to recognise trends in the industry that may influence their brands:

- The presence of 5G will accelerate advancements in the smart home, smart city, smart vehicle, smart manufacturing and many internet-enabled devices that will benefit from a fast internet connection. How will 5G and fast internet access affect business?
- Brands need to start considering how this fast access to the internet will enhance consumer engagement, perhaps using conversational AI through a chatbot and virtual assistants.
- What is the brand's interest in Robotic Process Automation (RPA), and how can it be used to enhance consumer engagement? It's necessary to bring the brand in line with the technology that consumers want to use.
- With the increasing amount of data, what will be the implications of AI and machine learning for the brand? Will there be a need to invest in data analytics or instead partner with technology start-ups to position the brand for commercial viability?
- What are the implications of digital privacy? The GDPR is in force, and there are growing calls in the United States to impose controls on technology companies. Consumers are guarding their privacy jealously, and when consumers are no longer willing to share their information, there will be an implication for AI (which relies on data) and other automating strategies.
- What are the trends in using social media for consumer engagement? It is more than just posting content and replying to comments. Could there be possibilities of co-creating of products and services and financial transactions on social media?
- The brand managers need to also recognise the trends in consumer behaviour. For example, a charity organisation might consider why donors are not donating money. How can they donate? Do they engage with volunteers asking for a donation on the street? Or can they use technology by making contributions on the website using PayPal?

Brand managers may have to carry out research to understand and be aware of these trends. The analysis of data across touchpoints can also give an insight into how consumer behaviour is changing. Brand managers may also subscribe to research companies that provide information on these trends and market insights. This understanding is needed to prepare the organisation for whatever comes next.

7.5.2 Evaluate the Brand

With knowledge of the trends, the brand manager needs to evaluate their brand and see if it is well-positioned for the future (Dwivedi et al. 2019). This may involve modifying the brand philosophy and core values to address the new direction for the business. The brand may have changed their service provisions, and this may require a new customer charter, mission and vision statement. The brand evaluation should reveal areas of the business that digital transformation may affect. These areas, however, vary for each brand operating in a different sector. The way digital transformation will change a multinational company will be different from how it will affect a charity organisation. For some brands, it could be about integrating trust into business decision-making around managing data or protecting privacy, while for some other brands, it could be bridging the physical and digital components of their business.

The most important reason for this evaluation is, however, to be better prepared and see what needs to be done to improve and position the brand. This may mean recruiting more staff with the required technical skills. It may mean acquiring another company or partnering with another company that may help fill that gap. Likewise, in evaluation, there are possibilities of creating a different brand as seen with traditional bank brands that are creating challenger bank brands. They have recognised that the banking landscape is changing and to be better prepared, they must invest in developing a new brand. This evaluation can also be integrated into the brand audit to critically examine where the brand stands considering the advancement in technology and digital media. Some hard business decisions may have to be taken, which can include being acquired by another brand which is better positioned to succeed in the market.

7.5.3 Be Innovative

For brands that have evaluated their position and feel comfortable they can survive the digital age, it is essential not to rest on their oars. The market landscape is very competitive, and brands must be innovative to remain relevant (Gözükara and Çolakoğlu 2016). This has not been an easy feat, even for big global technology brands.

Google+ was a social network owned and operated by Google. The network was launched on 28 June 2011 to challenge other social networks but it was shut down for good on 2 April 2019. Google said the site was closed "due to low usage and challenges involved in maintaining a successful product that meets consumers' expectations."

Ping was launched on 1 September 2010, as part of iTunes by Apple. Steve Jobs described it as a "sort of like Facebook and Twitter meet iTunes. It's a social network all about music." The social network was endorsed by Coldplay and Lady Gaga. However, Ping ended up not being a sustainable product for Apple, and the network was formally taken offline on 30 September 2012, just over 2 years after its launch.

These failures have not stopped these companies from being innovative and developing products that are becoming an integral part of customers' lives. Brands must find ways of using technology to enhance their service delivery and engagement, this may involve investing in chatbots and virtual assistants, allowing payments online and using robots for transportation and other automated tasks.

7.5.4 Relevance

In this digital age, many companies will be scrambling for consumers' attention. To break these competitive clusters, brands must be relevant to the consumers. Consumers are engaging with chatbots and robotics, brands should not be left behind. This could also involve changing logos and refreshing to remain relevant. Google, eBay, Microsoft, YouTube and Durex have all changed their logos in the last decade to a flat and modern visual element that can be used and integrated across different platforms.

Consumers' expectations are high, they want a reply to their tweet as soon as possible, they want to get their orders as quickly as possible, and therefore brands that are not meeting these needs are becoming irrelevant to the fast economy. Consumers are mindful of the trends, and any brand not conforming to standards will be left behind. This, however, does not exclude a brand from being unique in its relevance. There are many smart speakers out there, but each brand is making an effort to stand out through other product integration and partnership. Alexa has been incorporated into the Facebook portal while Google Assistance has been incorporated into Android phones. Bose Home Speaker has the Google Assistant and Alexa built in. Brands are staying relevant in this digital era by maintaining industry standards and still partnering with other brands that can enhance their position and commercial viability.

7.5.5 Engaging

Brands should be ready to take along their customers in whatever they intend to do. They should ensure their wants and desires are taken into consideration. Brands should be able to engage with their customers on a more personal level, creating advertisements that appeal to individuals. Websites should be responsive and brands should be accessible on different media. Front line staff on social media should be ready to meet growing consumer desire to engage with brands in that way. Social media will continue to be an integral part of brand communications in the digital era. Integration of chatbots and virtual assistants into social media should be explored. Likewise, cross-channel marketing or multi-channel marketing which uses multiple channels to reach an audience can also enhance brand engagement on social media. Instagram shopping and Facebook Chatbot Marketing offer opportunities for brands to sell and further build a relationship with their customers.

Brands may consider the idea of user-generated content where they share photos and posts that the customers have created for the brand (Roma and Aloini 2019). Brands can ask consumers to post pictures and tag the post with the brand's social media handle to be featured or use a hashtag. This builds engagement with customers as it encourages consumers to submit their own content directly to the brand and builds a community of brand evangelists around the brand. Brands can also use the information to deliver tailored experiences and offerings based on their habits and behaviours. This personalisation could be in the form of email messaging, website homepage, search engine results, campaign landing pages and social media posts.

Brands can also use humour to interact with other brands on social media. This is often popular with Twitter, whereby brands humorously reply to other brands. This cross-brand banter keeps social media abuzz, and consumers join in the excitement. Sprout Social Index found that 67% of consumers surveyed stated that they like entertaining social media content, and 55% of consumers reported that they are most likely to share engaging content (Sprout 2020).

While brands can use social media to collect user-generated content, on the flipside they need to be aware that consumers are now more empowered to use their platform as an avenue for electronic word of mouth, with the possibility of sharing their bad experiences which may inadvertently go viral to the detriment of the brand. Therefore, brands must ensure that they monitor their brand mentions and act accordingly to concerns that are being raised. With data being generated from different touchpoints, brands can use this to further build and develop engagement with the customers. This could be in the form of recommendations and customised coupons and sales offers.

As a form of engagement, brands are using social media influencers. Influencer marketing has grown exponentially over the last few years. Some agencies work with brands to source influencers for their campaigns. Tribe connects content creators with the brand. The platform allows creators to access live campaigns and get paid to promote the products they already use and love. The downsides of influencers, however, should be recognised. The influencer must share the same values as the brand. Likewise, authenticity should be encouraged. It is not just about posting pictures with a brand but communicating the brand message and influencing others to use the products.

Case Study 7.2: Yorkshire Tea

On Friday, 21 February 2020, the UK Chancellor Rishi Sunak shared a photo of himself on Twitter, holding a bumper Yorkshire Tea pack of 1040 teabags appearing to make a huge tea round for his Treasury staff. Yorkshire Tea received a lot of condemnation as people thought the brand had been endorsed by the politician.

People were tweeting about their discontent with the arrangement and vowing to boycott the product. Yorkshire Tea politely asked people not to abuse them for a photo they had nothing to do with and said that people of all political stripes like their tea. The brand tweeted "We've spent the last three days answering furious accusations and boycott calls. For some, our tea just being drunk by someone they do not like means it is forever tainted, and they've made sure we know it." They went on to say that "It's been pretty shocking to see the determination some have had to drag us into a political mudfight. But it has been lovely to see others speak up for us—we are so grateful to everyone who has done that in a civil way."

The brand concluded that "for anyone about to vent their rage online, even to a company—please remember there's a human on the other end of it and try to be kind." This highlights how empowered the consumers were to be able to drag a brand through the mud on social media for a picture they were not associated with. The negative comments became viral to the detriment of the brand and the social media team had to respond to take control of the situation, even though there was little they could do as consumers were willing to hold on to the lies. This gives an example of brands managing bad publicity gone viral on social media.

Reflective Questions

- Do you think Yorkshire Tea responded well to the situation?
- How would you expect a brand to react when caught up in a negative social media storm?
- Is it important for other tea brands like PG tips and Twinings to show solidarity with Yorkshire Tea during their social media troubles?

7

7.6 Conclusion

Brands will always engage with consumers. This was the case before the digital era, and it will continue after the digital age. The key thing that will change, however, is the level and intensity of engagement. As illustrated in the figure below, this era has seen consumers change their behaviour as they engage with brands. Consumers have options to choose from different brands as they rely more on technology. When a brand disappoints, customers will not hesitate to switch their loyalty and go for another brand that aligns with their philosophy and needs. The customers are now empowered and can engage on a different level with the brands. This evolving engagement is, however, shaping brand management principles. The brand still needs to have its core objectives and philosophy, but it must align with technology and digital advancements. Brands need to be innovative and remain relevant even as they engage with the customers. The business landscape is getting crowded and competitive, and digitally driven, brands must evolve their business practices in order to remain relevant and commercially viable (◘ Fig. 7.2).

A brand needs to recognise the impact of technology on their business and put actions

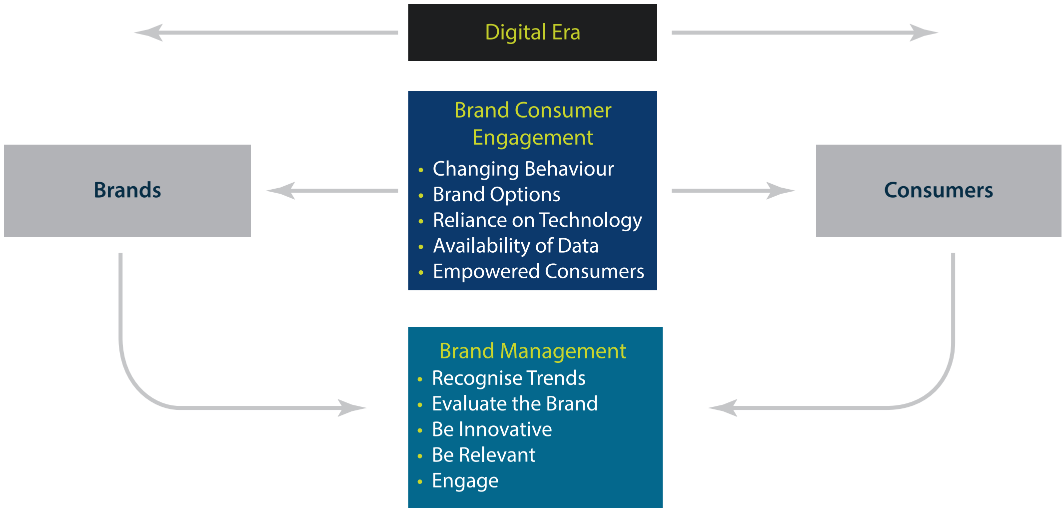

Fig. 7.2 Brand-consumer engagement in digital era. (*Source*: Author)

in place to mitigate this, for example carrying out research to understand the trends, investing in human resources, acquiring other companies or working in partnership with brands that have the skills set and expertise. Importantly, brands need to use technology to enhance their business. This is not limited to social media but exploring the possibilities of artificial intelligence, voice-enabled search, chatbots and robotics. Brand owners need to evaluate their brands to see where they may make the necessary changes and use the new technology.

The basic principles of branding such as brand ethics, brand philosophy, brand position and identity have not changed. They do however need to be explored in the context of digital technology and consumer behaviour. Ethical considerations are still important when brands are collecting and using customers' personal data. Brand philosophy can be changed to reflect the new direction of the company; a new vision could also be set to recognise the influence of technology. A brand can use technology to design and develop their brand identity as well. The brand will keep engaging, managers will likewise keep managing the brands, albeit in a competitive data-driven market.

Key Points

- Digital technology is changing the business landscape with implications for the viability of brands.
- Brands need to recognise the impact of technology in their domain.
- Brands should evaluate their brands and decide on how to mitigate against the effects of digital technology.
- The brand will have to evolve in order to remain relevant in the digital era—this may involve recruitment, partnering, mergers and acquisitions.
- Basic branding principles like ethics, philosophy, core values and identity are still relevant. However, they need to be interpreted in the context of the dynamic, competitive data-driven marketplace.

▶ Student Activities

1. How would you describe a digital brand?
2. What are the implications of digital technology in brand development?
3. How does consumers' changing behaviour impact brand sustainability?

4. What are the features of disruptive and challenger brands? What makes them unique?
5. What is the impact of AI, Big Data and machine learning on brand management? ◀

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Brand Equity

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Sam sends a text message to their friends, telling them the good news from work. Sam knows they all share an interest in branding and brand management and believes they will be interested in the update too. Forbes just released a list of the most valued brands in the world, and their brand is one of the top 100, which is an external validation of their contribution towards the large brand-shared goal. Alex does not understand why this is big news and asks Code for an explanation. Code tells them how brands try to shape how customers think and feel about their product. They give the example of the tweet Code got and had to follow up, and it was all about enhancing the experience of the customers and making sure they feel associated with the brand. This is essential, as more positive attitudes towards the brand make it more valuable. Sam then explains further, using the case of their charity, highlighting Alex's effort to be different, and bringing Code in as a partner, which got the #AlexNewLogo trending. The brand promises, identity and integration all add up to increase the value of brand. The type of association and partnership can also raise the value of a brand. Brand owners and managers need to do a lot of things to build the value of their brand, which includes creating awareness (#AlexNewLogo), enhancing customer experience to build loyalty (Code's fruit juice) and building associations and partnerships with other brands (Sam's multinational brand). The more people see and like the brand, the more they are willing to contribute and the greater the value of the brand. In the case of Alex, it means more people donating money to the charity.

Overview

Brands need to be built and managed to ensure their long-term sustainability. There are ongoing activities to innovate, build trust in the brand, integrate identities and effectively communicate with stakeholders. This built-up brand becomes valuable and a large part of the intangible assets of a company. Understanding the worth and value of this intangible offer is essential, at least from a management point of view, to justify and evaluate the investment in building and developing the brand. The economic consequences of brand management can be difficult to establish, suggesting the need for a quantitative and rigorous approach towards brand evaluation. Building on previous concepts of branding, in this chapter we explore the concept of brand equity and its importance for brands, brand managers and other stakeholders. In addition, we will look at four different brand valuation models, and the impact of different methodologies and market and economic research on the inconsistencies across these models. We will conclude with key considerations for brand equity, especially as it relates to brand managers of charities and smaller brands.

Key Question

What is the financial and non-financial value of a brand?

Learning Outcomes

At the conclusion of this chapter, you will be able to

- explain the concepts of brand equity and brand valuation;
- identify the five keys sets of an asset for building brand equity;
- describe the importance of brand valuation;
- give examples of brand valuation methodologies; and
- describe the implications of brand management for brand equity and valuation.

8.1 Introduction

Brands need to be built and managed to ensure their long-term sustainability. There are ongoing activities to innovate, build trust in the brand, integrate identities and effectively communicate with stakeholders. This built-up brand becomes valuable and a large part of the intangible assets of a company. Understanding the worth and value of this intangible offer is essential to justify and evaluate the investment in building and developing the brand. The economic consequences of brand management are often difficult to establish, suggesting the need for a quantitative and rigorous approach towards brand evaluation.

You know how much it will cost you to buy an Apple product, let's say an iPhone 11, but do you know how much it will cost to buy the Apple Brand? Likewise, you know how much it will cost to buy a Big Mac, but can you imagine the cost of the McDonald's Brand? The value of a brand depends on many factors and not just their product or physical inventory. Brands that have been built over the years acquire many inherent values that are beyond their financial records. The fact that consumers are aware of a brand makes it more valuable than an unfamiliar brand.

This idea of valuation is the bedrock of brand equity, which highlights the financial and non-financial value of a brand. Brands with high equity are well recognised, innovative and have remained relevant over the years. Understanding the equity of the brand is needed in planning, building and evaluating brand strategies over time; assessing acquisitions or helping with investment/trade-off decisions. Brand positioning, ethical considerations, identity and integration are, however, still relevant as they all contribute to the equity of a brand. While equity can rise, likewise, it can diminish when the brand is not adequately managed.

8.2 What Is Brand Equity?

Brand equity is about the value of a brand, the marketing and financial costs linked with a brand's strength in the market, including actual proprietary brand assets, brand name awareness, brand loyalty, perceived brand quality and brand associations (Pride and

Ferrell 2003, p. 299). This value can also be described as a strategic, subjective understanding of the brand's worth or as a financial, objective expression of the value of the brand (Heding et al. 2016).

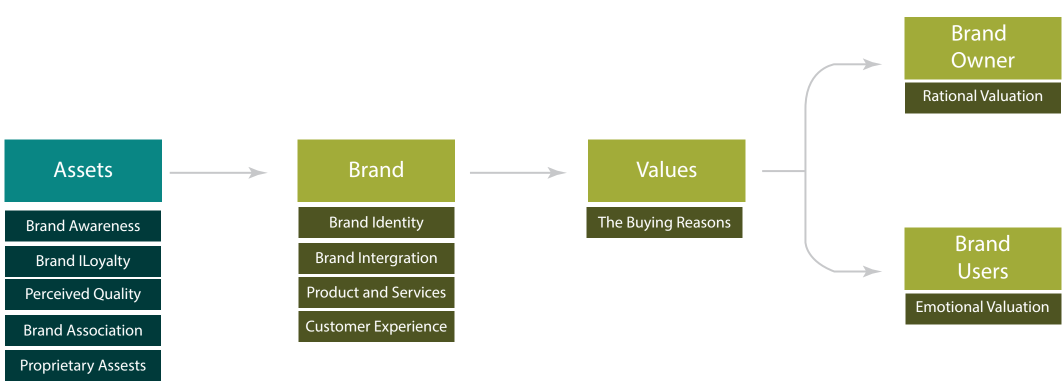
This can also be further described as the emotional and rational valuation of brands. The emotional valuation like the subjective understanding of brand equity recognises the consumers' perception of the brand. This concept refers to how the consumer values the brand and why they are more likely to choose that brand instead of another. The emotional valuation refers to the value of the customers' perceptions of the organisation. The rational valuation puts a figure on the brand; it is a way of numerically and financially accounting for the brand's worth. So, we can say brand equity has to do with the commercial value of a brand at a point in time. This commercial value is acquired by a brand through perception of brand users towards that brand—it means brand equity is the social value acquired from how the users view and see the brand name of a particular product or service, rather than the product or service of that brand.

Kapferer (2015) recognises that the customers' valuation is the preamble of the financial valuation. Brands can remain financially viable and increase their economic valuation because they have created assets in the minds and hearts of their consumers. Basically, this suggests that when consumers like the brand and they derive value from using the brand, it contributes to the financial worth of the brand. The consumer and financial approaches to brand equity are, however, complementary and should be considered together.

To better describe this concept, David Aaker in Building Strong Brands provides a unique insight into brand equity, He described brand equity as a "set of *assets* (and liabilities) linked to a *brand's name and symbols* that adds to (or subtracts from) the *value* provided by a product or service to a *firm* and/or that firm's *customers*" (Aaker 1996, p. 7).

The keywords here are the brand's name and symbols, value, form and consumer. This definition is graphically illustrated in ◘ Fig. 8.1. The brand is what the consumer engages with. This includes the brand identity in the form of visuals like logo or product shape, brand integration through advertising and sponsorships, innovative products and services and customer experiences. All these engagements provide value to the customers. They reinforce buying reasons, the emotional connection and attitude towards the brand. The consumers like the product, which was delivered with excellent customer service, and they, therefore perceive the brand as better than their competitors. These values can, thus, increase the value of the company.

It is important to also highlight that these brand assets, which form the brand equity, can harm the brand. For a brand with no distinct identity, with little or no brand integration and that has not been innovative with product development and service delivery, there are negative implications for the brand value. The consumer no longer wants to buy



◘ **Fig. 8.1** Emotional and rational valuation of brand equity. (*Source*: Author) the brand, the loyalty erodes, and this influences the brand's economic value. With fewer people buying the product, the commercial viability of the company is challenged, and they may end up folding.

8.3 Building Brand Equity

As earlier suggested, brand equity is a set of assets. The major assets can be grouped into five categories: brand awareness, brand loyalty, perceived quality, brand association and other proprietary brand assets such as patents, trademarks and consumer relationships. Therefore, to build the equity of a brand, brands must invest resources in developing these assets and they must manage these assets. These assets create value in a variety of different ways, and they need to be managed together. Brand managers need to be sensitive to understand the constituents of each of these assets and how they contribute to value building (Mogaji and Danbury 2017) (◘ Fig. 8.2).

◘ **Fig. 8.2** Five key assets that can be used to build brand equity. (Adapted from Aaker (1996))

8

8.3.1 Brand Awareness—Who Knows the Brand?

The first dimension of distinguishing brand knowledge is brand awareness. It is related to the strength of the brand node or traces in memory, as reflected by consumers' ability to identify the brand under different conditions (Rossiter and Percy 1987). Creating and maintaining a brand identity is regarded as the first step towards building strong brands (Keller 2003; Aaker 1996). For a brand to increase its equity, the consumers must be aware of it. Brand awareness explores if consumers have come across the brand, and if they recognise it, maybe from past exposure and whether it stands out from many other alternatives. This awareness brings consumers' familiarity and strong, favourable associations with the brand (Keller 2016). The recognition could also be enabled by a dominant and recognisable identity like brand name, colour, product shape or taste; this means that consumers can recognise the brand through various options. Aaker (1996) concludes that "the strongest brands are managed not for general awareness but for strategic awareness." Awareness for its sake may not be enough. Consumers have to be aware of the brand for the right reasons.

8.3.2 Brand Loyalty—How Committed Are Those Who Know the Brand?

The second component is consumer loyalty. This means those who will go out of their way to choose the brand, those customers that will not accept an alternative but instead insist on a brand. Having these loyal customers ensures that there is increased sales and profit for the brand (Shabbir et al. 2017). The loyalty of the customers can be a barrier for competitors. If most of the market goes for a product because they are loyal to it, it may be difficult for a new brand to enter the market. Aaker (1996) presented the idea of loyalty segmentation. He argued that the market is divided into different groups reflecting their loyalty: non-customers (those who will buy a competitor's brand), price switchers (those who will buy because of changes in price), the passively loyal (those who will buy out of habit rather than reason), fence-sitters (they are indifferent and not loyal to any brand) and the committed (the loyal consumers) While the brand is aiming to reach out to many prospective non-customers, or passively loyal, it is essential not to ignore the existing committed customers, their loyalty needs to be appreciated and rewarded. This could be through a frequent-buyers programme like Sainsbury's Nectar or Air Miles invitations to participate in events and customised offers based on their interests.

8.3.3 Perceived Quality—How Is the Brand's Quality Perceived?

This can be very subtle as this will be relative to the individual. Perceived quality is considered a significant driver of customer satisfaction and financial performance (Aaker 1996). Often consumers base this quality perception on their pre-existing knowledge of a similar service or product (Kim et al. 2018), on the country of origin—German engineering, American innovation and Japanese quality. This perception, if good, will always be the critical influence in making a buying decision. When consumers believe that all products from a brand are good, they become more loyal and patronise the brand every time because they have a perceived value which has grown to be accurate and they stick to it. Their perception about the quality of the brand reflects a measure of goodness and goodwill which the consumer feels towards the brand.

While perceptions may be difficult to change, it is essential for brands to always deliver quality products and services, and this must be communicated to the consumers, Brands may have to use cues to nudge consumers to recognise the quality and influence the perception (Sierra et al. 2017). This could be getting a form of endorsement, awards, word of mouth or certification as an external form of validation for the product quality.

8.3.4 Brand Association—What Is Our Brand Associated With?

The way the brand identity is integrated shapes the brand association. Consumers might associate a brand with a particular attribute or feature, usage situation, the event that is being sponsored by the brand, logo, product design or the influencer that is involved in a social media campaign for the brand. Chen (2017) defines brand association as customers' memory and feeling when they talk about those products, services or organisations. Cheng-Hsui (2001) describes brand association as the core asset for building substantial brand equity though not sufficient alone. Studies have found that brand association could result from the corporate image, product image, user image, lifestyle/personality, product class or country/geographic area. Keller (1993) even suggests that brand associations can be classified into three major categories of increasing scope: attributes, benefits and attitudes. While recognising these varying opinions, Cheng-Hsui (2001) suggests categorising brand association into two types—product associations and organisational associations. Product associations can be divided into functional attribute associations (e.g. product attribute, perceived quality and operational benefits) and non-functional attribute associations (symbolic association, emotional association, price/value and user/usage situation). Organisational associations can be grouped into corporate ability associations and corporate social responsibility associations. These associations build a connection with the brand, they create the relationship between brand and users, and drive sales and profit.

8.3.5 Enterprise Assets—What Are the Intellectual Properties of the Brand?

The ex-chairman of Quaker Oats, John Stuart, once said: "If this business were split up, I would give you the land and bricks and mortar, and I would take the brands and trademarks, and I would fare better than you." The brands, trademark, industrial designs and other objects of intellectual property protection are enterprise value within the branded business that enhances the value of the organisation. These assets create economic benefits for the brand. This is where marketing meets law. These enterprise assets are to be protected and brands to enforce their rights. The creation of intellectual property requires a considerable investment, as does its subsequent protection. Digital technology which has disrupted market places, allowing brands to open stores without any physical store, use of social media and ease of setting up websites has further necessitated the need for brands to enforce their rights to prevent dilution of the brand and ultimately retain brand value (Stobbs 2016). The trademark as assets can be sold, transferred or licensed. Auckland brewing company (DB Breweries) acquired the licensing rights for Kingfisher beer from Bangalore-based United Breweries.

8

Case Study 8.1: Thomas Cook

Following the financial collapse of the Thomas Cook group—the oldest name in world tourism—the brand closed all entities, entered compulsory liquidation. The physical assets were sold, and this included its airport slots at London Gatwick (LGW) and Bristol Airport (BRS) which were sold and transferred to easyJet. The sale price was £36 million. This was followed by the sale of key UK airport slots to ► Jet2.com. Hays Travel Limited acquired Thomas Cook's entire UK retail estate, a total of 555 stores around the United Kingdom. Norwegian property tycoon Peter Stordalen and private equity firms Altor and TDR Capital bought Thomas Cook's Nordic business, also known as the Ving Group. It includes brands such as Globetrotter, Spies and Thomas Cook's Scandinavian airline.

With the physical elements sold off, there was enormous potential for its enterprise assets. Chinese conglomerate Fosun bought the brand name for £11 million. Fosun's chairman Qian Jiannong said the company "always believed in the brand value of Thomas Cook." The deal, which also includes hotel brands Casa Cook and Cook's Club, gives Fosun access to Thomas Cook trademarks, websites, social media accounts and software across most of the world. He said: "The acquisition of the Thomas Cook brand will enable the group to expand its tourism business building on the extensive brand awareness of Thomas Cook and the robust growth momentum of Chinese outbound tourism." Thomas Cook (India) Ltd. (TCIL), an Indian company owned by Canadian Fairfax Financial Holdings and fully independent from British Thomas Cook Group, acquired the perpetual rights to use the Thomas Cook trademarks in India, Sri Lanka and Mauritius for a one-time payment of Rs. 139 million (US$1.9 million). TCIL has been operating under a trademark licence agreement since 2012 to use the Thomas Cook trademark.

This highlights the value of the economic assets such as trademarks and brands. The physical properties were also sold off, but the intangible assets appealed to some other organisations. The acquisition of these brand names allows the new owner to license it and extend the brands into other countries or business lines.

The question is, how did they arrive at £11 million for the brand name? This is the role of the brand valuators, to estimate and but a price tag on the value of the brand.

Reflective Question

- Why do you think it makes business sense for Thomas Cook (India) Ltd. to acquire the perpetual rights to use the Thomas Cook trademarks in India?

8.4 Importance of Brand Valuation

Paul Feldwick once asked if we really need brand equity, suggesting that it is an ambiguous term that no one really understands (Feldwick 1996a), He later argued that brand equity is necessary for three standard practices which are: the total value of a brand as a separable asset when it is sold or included on a balance sheet (Brand Value); a measure of the strength of consumers' attachment to a brand (Brand Strength) and a description of the association and beliefs the consumer has about the brand (Brand Description) (Feldwick 1996b). Aaker (2009) further provides more justification for the need to understand the economic and non-economic value of brands. Aaker recognises that there are two general motivations for studying brand equity. First is the financially based motivation to estimate the cost of a brand more precisely for accounting purposes (in terms of asset valuation for the balance sheet) or for a merger or acquisition. Second, it is from a strategy-based motivation to improve marketing productivity and give more value to the brand user.

Research by PwC Germany—Markenstudie 2019—in collaboration with Hamburg University (PwC 2019) reveals the following facts. Respondents named the following as reasons to conduct brand valuations: internal reporting (56%), M&A/transactions (42%), budgeting (39%), licensing (35%), financial reporting (32%) and taxation (29%). Almost half of the respondents considered monetary brand valuation to be very important (48%) and almost as many (46%) have already carried out such a calculation. With this background and growing interest in brand equity and valuation, we will look here at key benefits and values of brand equity for brand owners and brand managers.

8.4.1 Quantify

Brand equity presents metrics of evaluation for brands. This allows brand owners and managers to quantify the worth of their brands and the worth of their intangible corporate assets. Brand owners may have landed properties, machinery and equipment that adds to the value of their brands, but those are physical and tangible. Understanding brand equity presents the economic values of the brand to the brand owner. It is essential to remind ourselves about the distinction between brand and brand owner. Google is a brand owned by Alphabet, likewise Android. Google and Android (as brands) can be valued, and this valuation adds to the overall worth of Alphabet (the brand owner). This means that if Alphabet is calculating its assets, in addition to their corporate headquarters—the Googleplex in Mountain View, California, United States, the values of the brand (which includes customer relationships and trade names), will be added.

In the preparation of consolidated financial statements in conformity with US Generally Accepted Accounting Principles (GAAP), organisations are expected to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements. These organisations are expected to evaluate and report the fair values of their intangible assets and goodwill. These estimates are based on historical experience and on various other assumptions and they may use the services of brand valuators. These valuations are, however, believed to be reasonable, and the results of these form the basis for making judgments about the values of assets and liabilities of the organisation.

The valuation of the brand as an intangible asset is relevant to other stakeholders, including investors, financial analysts, shareholders and C-suite executives to evaluate and compare brands and make faster and better-informed decisions. This information becomes relevant for mergers and acquisitions, licensing/royalty rate setting, tax valuations/transfer pricing, balance sheet valuations and asset-backed financing. C-suite executives may also use this evaluation to understand their brand strengths and weaknesses and transfer the understanding into strategies for building brand equity and enhancing business growth.

8.4.2 Evaluation

Understanding the brand's equity is essential for evaluating the brand and its contributions. As brand equity looks beyond financial contribution, it can provide insight into how consumers are influenced to choose a brand over others. This evaluation includes brand tracking, performance management, sponsorship evaluations and senior management's key performance indicators (KPIs). Brand equity evaluation can be used to manage the different portfolios to see which brands are doing well and influences resource allocation. The understanding of customers' emotional valuation can necessitate a strategic direction towards premium pricing. The evaluation explores the market, competitors, consumers, financial data assessing the current performance of the brand and identify areas for improvement. Based on the strength of its equity, the brand can influence consumers to pay more for the brand over others—generating value share and profit. The strength of the brand's equity can also ensure an increased volume and value share as the brand can influence the consumers to buy the brand more in future.

8.4.3 Direction

Understanding brand equity is important for strategic planning to ensure the future influence of the brand on business results. This new strategic direction may be selling brands that are not contributing much to the company or acquiring new brands to position the brand. The evaluation provides opportunities for brand positioning, brand architecture and brand extension. It supports strategic brand management by enabling the creation of a long-term roadmap for the brand and the prioritisation of activities with the highest business impact. Senior management with KPIs can discuss with their team and those jointly responsible for building the brand (Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Marketing Officer (CMO) and Chief Information Officer (CIO)) to evaluate brand strategy options and direct the brand for long-term sustainability.

8.4.4 Investment

The understanding of a brand's equity is essential for investment and raising funds. This is relevant for investors deciding which brands to invest in or for companies looking out for financing. Brand evaluation becomes an added document to justify investment in the business. This valuation can also be useful in setting royalty rates for brands or licensing. Brands can calculate the value created by their brand and use that to determine how much they can charge another company as a royalty rate. This is when a brand/company is given a temporary right to commercially exploit another person's/company's intellectual property (IP) right for a fee. Brand owners can use licensing arrangements to break into new markets. Disney Consumer Products has licensed the Mickey Mouse brand and there is growing integration of their superhero franchises. Videocon in India has the licence for brands like Phillips, Kelvinator and Electrolux.

8.4.5 Visibility

Brand valuation is also essential for the visibility of the brand. It allows the brand to showcase their success and achievements to stakeholders, including shareholders, investors and customers. The valuation also allows the marketing team to demonstrate and quantify their accomplishments, taking into consideration that brand equity can be seen as a key performance indicator (KPI), members of the marketing team can consider an increase in investment as an opportunity to celebrate their achievements.

Case Study 8.2: Interbrand

Before its initial public offer (IPO), a brand's CEO and the management team came to Interbrand, a global brand consultancy, for help with a unique challenge. It shared control over its brand name and key visual brand assets with a third party who could technically revoke their usage. As the IPO approached, the company had entered negotiations with the third party to clarify ownership of the brand and ensure complete security over its future use.

Interbrand was asked to analyse five assertions at the heart of the negotiations:

1. Trust (among customers, public and employees) in the brand was high, and the brand was highly distinctive in the business.
2. The brand was a business asset with significant value, which made a sizeable contribution to the company's business performance.
3. Rebranding the business would be expensive (especially with time constraints).
4. Rebranding could result in the loss of customer goodwill and loyalty (i.e. potential loss of business value).
5. Uncertainty in the ownership of the brand would introduce risk, potentially undermining the value of the business on IPO.

A challenge was the modelling of potential business value at risk should control over the brand be lost (i.e. requiring a full rebrand). To adequately assess the level of risk, they devised three potential scenarios, leveraging rebranding case studies, an analysis of the strength of the brand and how it worked to influence customer purchase decisions, together with an understanding of the business model as well as industry and competitive trends. Working closely with the brand's finance team, Interbrand developed a range of scenarios for the potential business value at risk. Due to their sensitivity—and given the imminent IPO and the importance of the negotiations, the valuation analysis and findings were rigorously scrutinised by the brand's senior management.

Their analysis played a pivotal role in supporting the brand's claim to full ownership control, and the CEO used the report to help support the company's position during the negotiations. From a business perspective, the IPO was successful and one of the most heavily subscribed listings of the year.

Source: (Interbrand 2014)

Reflective Questions

- Why do you think it was important for the CEO to understand the worth of their brand before the IPO?
- Why do you think it's important to consult Interbrand to carry out the assessment?
- How important is the understanding of trust among customers, public and employees before a brand merger and or acquisition?

8.5 Measuring Brand Equity

There are many methodologies for measuring brand equity, especially brand equity measurement models from consumers' perspectives (Rodrigues and Martins 2016; Baalbaki and Guzmán 2016). While these may be relative, they are the practitioners' attempt to measure equity using data and relatively available information. This practitioners' method may, however, be suitable for more established brands that have the data needed readily available. These methodologies use a measure of consumer brand perceptions, financial research and sophisticated mathematical formulas to calculate current and future earnings. There are three big consulting firms (BrandZ, Interbrand and Brand Finance) that measure brand equity, provide brand valuation and present a list of global brands on a yearly basis. Another consulting firm that measures brand equity is brand assets valuators (BAV). They provide a tool that brands can use to evaluate their equity and do not compile a list of global brands. This section explores these four consulting companies, their methodology and approach to measuring brand equity.

8.5.1 BrandZ

BrandZ is a trademark property of Kantar, which is part of WPP Plc's data investment division. Kantar has access to an extensive network of advertising, research and media agency experts around the world. BrandZ's brand valuation ranking combines companies' financial data with consumer insight and opinion. BrandZ valuations isolate the value generated by the strength of the brand alone in the minds of consumers, that is, with all other elements removed. It is calculated by multiplying the brand's financial value by the brand's contribution:

- Economic value—the proportion of the total economic value of the parent company that can be attributed to the brand in question, considering both current and projected performance.
- Brand contribution—quantifies the proportion of this Financial Value that is directly driven by a brand's equity, that is, the ability of the brand to deliver value to the company by predisposing consumers to choose the brand over others or pay more for it, based purely on perceptions.

BrandZ can measure the emotional/customer valuation through ongoing, in-depth quantitative research, including 3.7 million consumers and more than 165,000 brands in over 50 markets worldwide. This valuation tracks brands that appeal to relevant customers and potential customers. The valuation uniquely measures the customers' request and validates it against actual sales performance (Fig. 8.3).

BrandZ uses Kantar Millward Brown's meaningfully different framework, a brand equity measurement system that helps determine how meaningful (meets consumer needs), different (unique and sets trends) and salient (top of mind) the brand is. This is provided based on the power (growing sales through extra volume), premium (commanding a higher price) and potential (sustainable future growth) of the brand. This framework is used to generate a list of top global brands yearly.

In addition to the list of top global brands, BrandZ also produces a list of top brands in different countries. To be included in this list, the brand must meet at least one of the following eligibility criteria:

- The corporate parent is listed on the country's stock exchange.
- The brand originated in that country, and its corporate parent is listed on a recognised stock exchange.

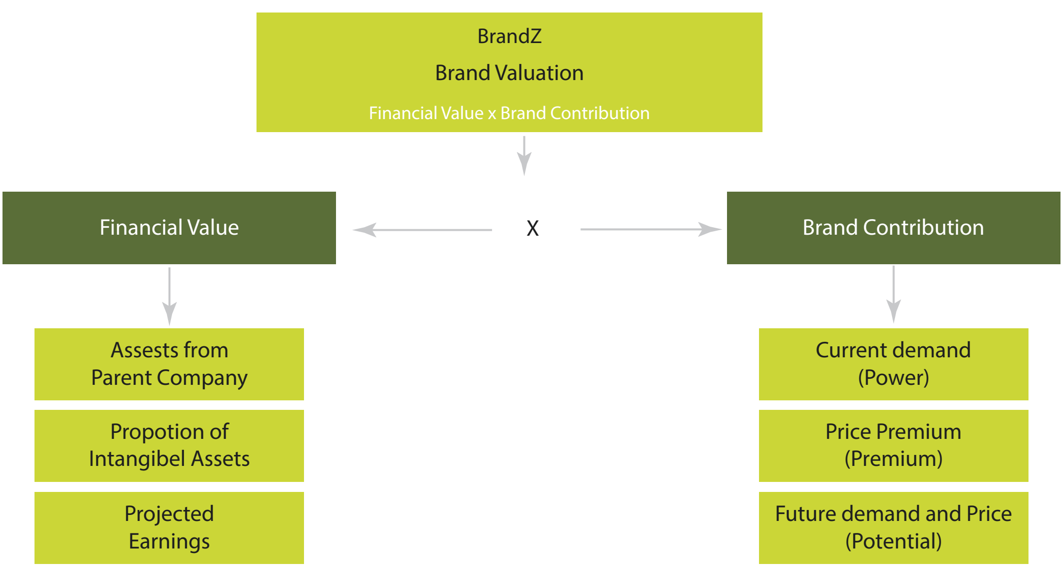


Fig. 8.3 BrandZ brand valuation methodology. (Adapted from BrandZ (2020))

- The brand is privately owned, but its complete financial statements are publicly available.
- The brand's account is available in the public domain.

8.5.2 Interbrand

Interbrand brand valuation, which has been continually published annually since 2000, seeks to provide a rich and insightful analysis of brands, giving a clear picture of how a brand is contributing to business results and a roadmap of activities to future achievements. Interbrand calculates its brand value through three key components: an analysis of the financial performance of the branded products or services, of the role the brand plays in purchase decisions and of the brand's competitive strength. The Brand Strength analysis is based on an evaluation across ten factors (Table 8.1) which they believe constitute a strong brand. Performance in these areas is judged relative to other brands in the industry and comparable to other world-class brands (Fig. 8.4).

Interbrand also compiles its list of Global Brands which includes other regional compilations like Best Spanish Brands, Best Korean Brands and Best Taiwan Brand. To be included in Interbrand's Best Global Brands, a brand must be truly global, having transcended geographic and cultural boundaries.

Table 8.1 Interbrand's brand strength factors

Factor	Description
Internal factor	
Clarity	Clarity internally about what the brand stands for and its values, positioning and proposition. Clarity about target audiences, customer insights and drivers. Because so much hinges on this, it is vital that these are articulated and shared across the organisation.
Commitment	Internal commitment to the brand, and a belief internally in the importance of the brand. The extent to which the brand receives support in terms of time, influence and investment.
Governance	The degree to which the organisation has the required skills and an operating model for the brand that enables effective and efficient deployment of the brand strategy.
Responsiveness	The organisation's ability to continually evolve the brand and business in response to, or anticipation of, market changes, challenges and opportunities.
External factor	
Authenticity	The brand is soundly based on internal truth and capability. It has a defined heritage and a well-grounded value set. It can deliver against the (high) expectations that customers have of it.
Relevance	The fit with customer/consumer needs, desires and decision criteria across all relevant demographics and geographies.
Differentiation	The degree to which customers/consumers perceive the brand to have a differentiated positioning distinctive from the competition.
Consistency	The degree to which a brand is experienced without fail across all touchpoints or formats.
Presence	The degree to which a brand feels omnipresent and is talked about positively by consumers, customers and opinion formers in both traditional and social media.
Engagement	The degree to which customers/consumers show a deep understanding of, active participation in, and a strong sense of identification with, the brand.

Source: Interbrand (2020)

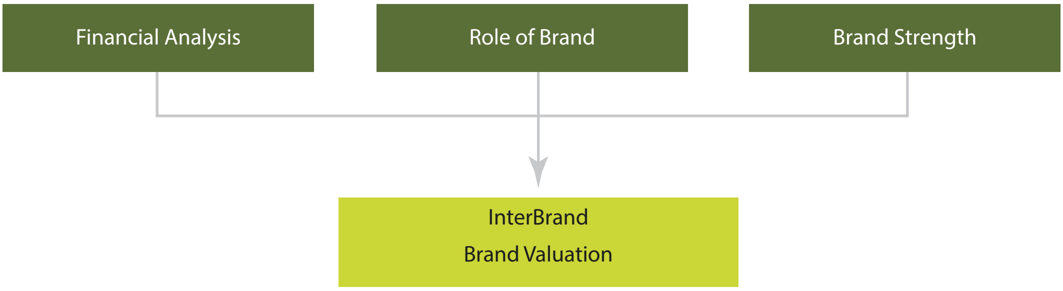


Fig. 8.4 Interbrand brand valuation methodology. (Adapted from Interbrand (2020))

It will have expanded across the established economic centres of the world and entered the major growth markets. In specific terms, this requires:

- At least 30% of revenue must come from outside of the brand's home region.
- The brand must have a significant presence in Asia, Europe and North America, as well as geographic coverage in emerging markets.
- There must be sufficient publicly available data on the brand's financial performance.
- Economic profit must be expected to be positive over the longer term, delivering a return above the brand's cost of capital.
- The brand must have a public profile and sufficient awareness across the major economies of the world.
- These requirements—that a brand is global, profitable, visible and relatively transparent with financial results—explain the exclusion of some well-known brands that might otherwise be expected to appear in the ranking.

8.5.3 Brand Finance

Brand Finance conducts original market research in ten sectors (Auto, Tech, Apparel, Restaurants, Airlines, Retail, Insurance, Utilities, Banking, Telecoms) across 29 markets, with a sample size of over 50,000 adults, representative of each country's internet population aged 18+ to understand the value of brands. Brand Finance calculates brand value using the Royalty Relief methodology, which determines the amount a company would be willing to pay to license its brand as if it did not own it. Brand Finance calculates brand values by reference to documented third-party transactions, tax authorities and the courts' favours. As well, the valuation can be done based on publicly available financial information, and it determines the fair market value of brands. The consultancy firm publishes the world's top 500 most valuable brands yearly.

Brand Finance has seven steps for its Royalty Relief methodology (Brand Finance 2020):

1. Calculate brand strength on a scale of 0–100 using a balanced scorecard of several relevant attributes such as emotional connection, financial performance and sustainability, among others. This score is known as the Brand Strength Index.
2. Determine the royalty rate range for the respective brand sectors. This is done by reviewing comparable licensing agreements sourced from Brand Finance's extensive database of license agreements and other online databases.
3. Calculate the royalty rate. The brand strength score is applied to the royalty rate range to arrive at a royalty rate. For example, if the royalty rate range in a brand's sector is 0–5% and a brand has a brand strength score of 80 out of 100, then an appropriate royalty rate for the use of this brand in the given sector will be 4%.
4. Determine brand specific revenues estimating a proportion of parent company revenues attributable to each specific brand and industry sector.
5. Determine forecast brand specific revenues using a function of historic revenues, equity analyst forecasts and economic growth rates.

6. Apply the royalty rate to the forecast revenues to derive the implied royalty charge for the use of the brand.
7. The forecast royalties are discounted post-tax to a net present value which represents the current value of the future income attributable to the brand asset.

8.5.4 Brand Asset Valuator

BAV®, owned by VMLY&R, part of WPP, was developed with academic partners at Columbia, MIT, Dartmouth and the University of Washington. BAV uniquely captures the key dimensions that drive brand momentum, advocacy and financial success in the marketplace, measuring extensive brand qualities and metrics that drive financial and market success. The Brand Asset Valuator is based on four brand pillars that capture vital components of brand health. These pillars are as follows:

- Differentiation—a brand's ability to attract attention in the cultural landscape. A powerful driver of curiosity, advocacy and pricing power.
- Relevance—how appropriate and meaningful a brand is to consumers. Drives brand consideration and trial.
- Esteem—a measure of how highly regarded a brand is and how well it delivers on its promises. Leads to trial and commitment.
- Knowledge—the depth of understanding people have of a brand—both positive and negative information.

These four pillars are plotted in two dimensions on the power grid: stature and strength. The two dimensions capture the relationship between the four pillars (Fig. 8.5).

Fig. 8.5 Brand asset valuator methodology. (Adapted from Brand Asset Valuator (2020))

8.5.5 Part 1—New or Unfocused

Brand in this quadrant is a new brand that has recently entered the market or is an old stagnant brand with no clear focus. These brands are low on all the four pillars, though the new brand is more likely to have a differentiation factor but little relevance, awareness and knowledge. The old stagnant brand, however, has more knowledge but still low on relevance, differentiation and esteem. This suggests that the old brand is only relying on past glory, and it is not innovative enough to attract and appeal to customers whose behaviours are changing. These brands are expected to build awareness and reposition themselves with a clearer vision. For new brands that have improved their relevance and esteem, they can move to the second part in the second quadrant.

8.5.6 Part 2—Niche or Unrealised

These brands are unique, different from others, but they have not realised their full potential. The strength is in the differentiation which is relevant to the consumers' needs but low on esteem, and knowledge. The consumers do not know much about them even though they are different. These brands are low on finances and insignificant, but they have the potential for growth.

8.5.7 Part 3—Momentum Leadership

This is in the third quadrant but divided into two-parts. The first part of this quadrant represents the powerful brands. These are the brands enjoying their position as the market leader, they can command high prices. These brands are very different from others, consumers find them very relevant, and they are well regarded as they believe in their promises. These brands have high earnings and high potential to extend their brands into a different market and product line. The challenge for the brand here is to continue being a leader through innovating, engagement and awareness.

8.5.8 Part 4—Mass Market

This is the second part of the third quadrant, it represents brands that are losing their differentiation. These brands are not innovative, and they are not curious. While they still rely on their relevance, esteem and consumers' knowledge, the result of building the past successful brand, consumers will lose interest as they can no longer meet their needs. The brands in this quadrant are losing their leadership, losing power. These brands need to do some research-based innovation to stay relevant and reclaim their spot.

8.5.9 Part 5—Eroding Brand

This is the brand in the last quadrant. These brands were once powerful, but they did not innovate and engage with the consumers. They have lost their differentiation which was their core strength. They have lost their connection with the consumers and lost their power as well. These brands have been removed from the pedestals in the minds of consumers. This is a dangerous zone for any brand, especially taking into consideration the number of resources that must have been invested in sustaining the brand until then. These brands are no longer relevant, different or have value. They only rely on their past glory and consumers' prior knowledge. They are severely challenged and hanging on before ultimately fading from consumers' consciousness.

8.6 Considerations

8.6.1 Build the Equity

Brand managers need to recognise the importance of their brand equity—it is an intangible asset of the company. A conscious effort should be put into developing this equity regularly. There should be an effort towards research and development to create more innovative products. They should be aware of the brand and customers' engagement. Brand managers needs to evaluate their brands regularly to know where the brand is and where they want to go. They should also recognise the competition in their niche and how to remain relevant in their sector and always look for ways to build a lasting relationship with the customers. This relies on the BrandZ brand equity model that sees the brand move from only being present in the market to bonding and forming a loyal relationship with the consumers. The aim is to have many more consumers on the bonding part as this grows the revenue of the brand and the loyalty of the consumers.

8.6.2 Brand Valuation May Not Be Necessary

The need to seek a valuator for a brand varies and it depends on the type of brand. For more prominent brands considering merger and acquisition, valuations may be conducted to know the brand's worth. For brands that require insight and understanding of the factors which drive consumer behaviour or merely carrying out a brand audit, the brand evaluation may be necessary. Likewise, for brands considering brand metrics as KPIs for the management team, it may be worthwhile for them to seek the service of an evaluator to qualify the worth of their brand equity. A brand valuation can also be a public relations strategy. People love league tables and charts. So, this will make the brand perceived as valuable by the public and may not have any practical management implications. It may be worthwhile for smaller brands like small- and medium-sized enterprises (SMEs) or charity organisations to focus on building the equity and not necessarily incurring financial cost to evaluate brand equity.

8.6.3 Brand Overvaluation

Mike Rocha, Managing Director, Interbrand Economics, said that brand valuation is an educated opinion. With brand valuation comes overvaluation. Financial advisory firm Grant Thornton came under scrutiny in India for overvaluing a brand even when Brand Finance had a lower estimate. Kingfisher airlines gave the "Kingfisher" brand as collateral to bankers. The Kingfisher brand was valued at Rs. 3000 crore ($501 million) in 2011. Banks were reported to have assessed the airline at a mere Rs 160 crore when they carried out their own internal exercise. Serious Fraud Investigation Office (SFIO) questioned Vijay Mallya, the founder of the airline, alleging he exaggerated financial indicators deliberately. This highlights a potential implication of brand valuation and equity. Because it is intangible, the value can be inflated, which can then have financial and legal consequences.

8.6.4 Data Source for Valuation

It is essential to recognise that the three consulting companies producing global lists all have various methodologies and different sources of information. Data quality is challenging to assess and validate. The data are often from online surveys and opinions from different countries. It is not surprising to see that the valuations published by the three consultancies that produce the top brand valuation rankings vary significantly. As indicated in ◘ Table 8.2, Apple has been evaluated differently. In 2019, BrandZ valued it at $309.5 billion while Interbrand valued it at $234 billion as the most valuable brand in the world; however, in 2020, Brand Finance valued it at $140 billion. The question then remains, if you want to buy Apple, whose value are you going to consider? Brand Finance because it has the lowest valuation? Or if you are going to sell Apple, whose assessment will you go for? BrandZ? This further highlights the relativity and inconsistency in brand valuation. The source of data and methodology are often presented as the main issue.

There are a lot of sources of data for more prominent brands. In addition, companies like Refinitiv (formerly Thomson Reuters) provide information about financial data; GlobalData (brand volumes and values) can

Table 8.2 Top ten brands on the three brand valuation lists

	BrandZ 2020 Global brand		Interbrand 2019[a] Global brand		Brand Finance 2020 Global brand	
	Brand	Value	Brand	Value	Brand	Value
1	Amazon	$415b	Apple	$234b	Amazon	$220b
2	Apple	$352b	Google	$167b	Google	$160b
3	Microsoft	$326b	Amazon	$125b	Apple	$140b
4	Google	$323b	Microsoft	$108b	Microsoft	$117b
5	Visa	$186b	Coca-Cola	$63b	Samsung	$94b
6	Alibaba	$152b	Samsung	$61b	ICBC	$80b
7	Tencent	$150b	Toyota	$56b	Facebook	$79b
8	Facebook	$147b	Mercedes-Benz	$50b	Walmart	$77b
9	McDonald's	$129b	McDonald's	$45b	Ping An	$69b
10	Mastercard	$108b	Disney	44	Huawei	$65b

Source: BrandZ, Interbrand and Brand Finance
[a]Interbrand release their ranking in October ever year. At the time of writing, the 2020 version has not been released

8

be used for collecting consumer goods data; and Infegy for text analytics and social listening. There are many other commercial information sources that brand managers may use to understand the public perception of their brands. This is more like a do-it-yourself (DIY) approach instead of engaging the service of a valuator.

8.6.5 Country of Origin

The country of origin can have an impact on brand equity. Ashill and Sinha (2004) extended Keller's (1998) conceptualisation of brand equity to incorporate country of brand origin (CBO) and country of origin (COO), and they recognised effects on purchase intention. Consumers that are familiar with products from a country develop a country image and perceived quality. This may be the notion of German engineering, American innovation and Japanese quality. The United States is still considered one of the world's leading engine rooms of innovation. US brands are 60% more innovative and 46% more visionary than non-American brands. According to the BAV 2020 Best Countries report (BAV 2020), 70% say they are willing to pay more for a product made in their country while 76% say where a product is made has a great impact on their preference to purchase. Germans may be perceived as strong; therefore, cars made in Germany are considered reliable. This country image can also be transferred to new or unfamiliar products (Tse and Gorn 1993), so if Germans are strong, a new product from Germany may be considered strong.

Agarwal and Sikri (1993) report on the conceptualisation of country image in two ways. Firstly, it has been studied through consumer's overall perceptions (e.g. technology, prestige and price) of products in each country or as a set of generalised beliefs about specific products from a country on a set of attributes. These perceptions can influence the received values of the brand and enhance its equity. This may also apply to products coming from countries that are not well known or with perceived poor quality. Brand managers of such brands needs to create awareness and use other strategies to build loyalty and association.

8.6.6 Brand Communication

Marketing communications represent the "voice of a brand and how companies can establish a dialogue with consumers concerning their product offerings" (Keller 2001, p. 823). Brand communication is essential for developing substantial brand equity. The communication brings awareness, awareness brings loyalty and association. While communication is necessary, the brand must know what, when and where to communicate. Brands need to express their differences, their unique features, and how they are different from the competitors. The communication is not just about advertising but appealing to individuals on a very personal level, ensuring there is a connection between the brand and the consumer. As Schultz (2004) notes, brand equity is not merely built through independent forms of communication (such as advertising or public relations) but is generated by managing brand equity contacts via an integrated marketing campaign. This could mean following up a mass media (like TV) barrage with a personalised coupon or offer via email. Effective communication enables the formation of brand awareness and a positive brand image. Therefore, brands should always be looking for how to connect with each buyer and satisfy their unique needs.

8.6.7 Digital and Social Media

Many intangible assets that were not measurable before are now being measured because of the advancement of digital technology, access to data and growing interest in metrics. Companies like Markables are now able to provide IP valuations and provide comparable data for previously untouched asset classes such as customer relations and goodwill. Digitisation is also changing the requirements for brand management, especially as there are empowered consumers who can use social media to engage with the brand and present a narrative which may be different from what the brand anticipates. In the Markenstudie 2019 report over 80% of respondents mention the influence of social media on brand awareness and brand image. The report further stated that in 5 years, two-thirds of advertising will be digital. Market research no longer focuses on traditional methods such as panel-based customer surveys but on digital approaches, such as the concept of social media listening. Brands will keep building awareness using digital media, and there are opportunities for more personal offers and engagements. It will be essential to see how this builds and encourages loyalty.

8.6.8 Human Brand Equity

Humans are brands, and we could choose to develop our brand or let it be. Human brand equity represents the value that a human brings to another brand through association. It suggests why football players are valued differently and why their value will reduce after some years. The human brand equity indicates why you may need to pay a celebrity to appear at a party or spend a fortune for a speaker at an event you are organising. It was reported that Barack Obama, former President of the United States, was paid nearly $600,000 to speak at the EXMA conference in Bogotá, Colombia in 2019. In the United Kingdom, it has been reported that the former Chancellor of the Exchequer, George Osborne earns £500,000 from giving after-dinner speeches and he has developed a lucrative career after leaving political office. Social media influencers have developed their brand through awareness, perceived trust in their posts and loyalty from their followers. These influencers can, therefore, charge premiums to promote a campaign on their social media profile. By getting more education and experience, you are improving your equity, and this will pay off when you are looking for a job and negotiating your salary, or you are working on a brief. This is about the perceived quality of your education and experience and what you will be contributing to the team.

8.7 Conclusion

Brand owners have invested a considerable amount of money in developing their brands, this involves research and development, developing brand identities and integrating the brands. These are the company's intangible assets. There valuation and financial worth is important. This is because these metrics are needed by many stakeholders such as investors, business analysts, shareholders, investors and C-suite executives who need to evaluate and compare brands and make faster and better-informed decisions. This has led to a growing demand for brand evaluators to put financial value on the brand.

This value is the brand equity, the higher the equity, the stronger the brand. Strong brands influence customer choice and create loyalty; attract, retain and motivate talent, and lower the cost of financing (Mogaji and Erkan 2019). This equity is developed through brand awareness, brand loyalty, perceived quality and brand association. The combination of these factors, which represents the consumers' perception of the brand, shapes the equity. The equity can increase when there are more aware and loyal customers (Mogaji et al. 2020), and on the other hand, the investment can reduce when consumers are no longer dependable and shop elsewhere. This is then left to the brand managers to evaluate the brand and identify ways of revitalising the brand. This may be to rethink the brand's category, to develop new products or strategies to effectively communicate value to the stakeholders.

Brand consultancies are responsible for evaluating these brands and providing services for various stakeholders. We have discussed three such consultancy firms with differing methodologies. Therefore, they value brands differently. Brand valuations may be more suitable for those looking into mergers and acquisitions or repositioning the brand. It may not be commercially feasible or necessary for smaller brands. Instead, it is essential to understand factors that enhance equity and work towards improving their brands and not worry too much about getting a valuation for the brand. A popular quote from Albert Einstein is "Not everything that can be counted counts, and not everything that counts can be counted."

Key Points

- Brand equity represents the non-financial and financial value of a brand.
- Brand equity describes the emotional valuation (benefits to brand users) and rational valuation (benefits to brand owners) of a brand.
- The major assets that build brand equity can be grouped into five categories: brand awareness, brand loyalty, perceived quality, brand association and other proprietary brand assets.
- There are three leading brand evaluation companies; they provide a list of global brands every year; however, they have different methodologies and different valuations.
- Brand valuation is often needed for internal reporting, M&A/transactions, budgeting, licensing, financial reporting and taxation.
- Brand valuation may not be necessary if the brand is still growing. Instead, the brand needs to focus on building brand awareness and loyalty.
- Many intangible assets that were not measurable before are now being measured because of the advancement of digital technology, access to data and growing interest in metrics.

▶ Student Activities

1. How would you describe brand equity?
2. What are the brand assets that make up the brand equity?

3. What are the implications of brand equity in mergers and acquisitions?
4. What is the essence of brand valuation?
5. How important are the enterprise assets of a brand going through acquisition?
6. How important is brand valuation to a charity organisation?
7. How can a brand from an emerging market (when there is a not-so-good perception of the country of origin) improve their equity?
8. What are the implications of digital technology for brand valuation?
9. What do you think are the implications of brand overvaluation during mergers and acquisitions?
10. How would you expect a human (a person) to develop their brand equity? ◀

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Brand Extension

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Sam, Alex and Code have now been friends for over 9 weeks. They have shared their stories, struggles and challenges. They see that they have been making progress with their physical activities. Sam asks what they will do after the 12 weeks. They have taken time to develop an essential part of their life, but will they start a second venture? Or will they continue like this? Code presents a new business direction, as they think it is time to expand their business into a different market. Right now, they make orange juice, but they are considering exploring other juice products, perhaps apple juice, or extending their reach into a different market. Code acknowledges that there will be implications for the company, especially on financial and human resources. Alex feels that it is not the right time for them to extend their brand, as it is still a small charity with room to grow. Sam agrees that an extension of the product line should not be rushed into, that one should consider all options thoroughly. Many brands want to extend and grow. They want to get more market share and also serve many more customers. This is not limited to Sam's or Code's company. Even Alex can extend the charity organisation. Brand extension is a strategic business decision which may be influenced by timing, the product line and even the customer base. In this chapter we will explore different potential options for extension, types of brand extension and challenges. Brand extension is not guaranteed to succeed. There are key factors that the brand manager needs to consider before deciding on when or if to expand.

Overview

A brand that has acquired goodwill from consumers, that has been being around for many years and is innovative with their product development and service quality may decide to extend their brand. The brand can build on their existing name or come up with a new brand name to make different or related products and enter a new market. This extension is a strategic decision that should not be taken lightly, as there are financial and human resources implications. The new product line will have to be developed, branded and marketed. In this chapter we look at how brands can use the leverage of a well-known brand name in one category to launch a new product in the same or different category. Identifying the potential for leveraging is also essential for brand managers. It is essential to know when to take the leap and commit to a financial decision. In addition, we will explore different types of extension, and the advantages and disadvantages of extensions. While brand extension may be a worthwhile business decision, we will examine some critical considerations for brand managers.

Key Question

What other venture can this brand be involved in?

Learning Outcomes

At the conclusion of this chapter, you will be able to

- explain the concepts of brand extension and stretching;
- identify the reasons for brand extension;
- describe the types of brand extension;
- give examples of how brands can be extended into the market;
- identify the advantages and disadvantages of brand extension; and
- describe brand management considerations for brand extension.

9.1 Introduction

Well-managed and valued brands will consider expanding their products and services, transferring their goodwill and equity to another product and possibly into a different geographical location. Brand managers recognise these opportunities and considers the option for extending their brands. While this may look like the next step for a valued brand, some different challenges and obstacles need to be considered before taking that route.

A brand may decide to build on its high level of public awareness and consumer loyalty to develop products which will meet a need in the market. This marketing strategy can help likewise to increase equity and profitability. Extending brands both within and beyond the original product category is deemed to be profitable. In general, it is assumed that brands that are already known and recognised require lower new product introduction expenses, such as advertising, trade deals or price promotions (Collins-Dodd and Louviere 1999; Tauber 1988). However, there are financial and reputational risks in entering new markets and developing new brands.

9.2 Brand Extension

Brand extension is a marketing strategy where an established brand name is used for a new product or new product category (Ahn et al. 2018). This is also known as brand stretching. Aaker and Keller (1990) highlight two types of extension—line and brand extension. A line extension is when a current brand name is used to enter a new market segment in its product class. Brand extension is when a current brand name is used to enter a completely different product class. While it is essential to recognise the possibilities of the brand extending into a different market, a brand extension is basically about creating a new brand which is related to an existing (and possibly well-established) brand.

Brand extension is an important marketing strategy and is a concept that can be used to better understand the full dimension and prospects of a business (Huang et al. 2017). It is essential to identify some key points at this level. Let us consider the following factors:

1. *New Brand*: Brand extension involves creating a new brand (Muroyiwa et al. 2017).

This extended brand is a child brand, and the parent brand is the established brand that has created it. For example, Coca-Cola is the parent brand and Diet Coke is the child brand. Apple is the parent brand; iPhone is the child brand.

2. *Product or Service*: The new brand can come in a different form, and it is not just limited to a product. Apple has iTunes, and Google has Pixel (product) and Google Ads (an online advertising platform).
3. *Market*: The new brand may be for the new market and likewise it could be for a different market (Yao et al. 2016). Caterpillar is known for construction machinery and equipment; they have extended in the same machinery market with different lift trucks and diggers, but they also extended into clothing and workwear, which is a different market. Now, Caterpillar Inc. has a portfolio of about 20 brands offering machines, engines, components, services and solutions.
4. *Name*: The new brand may take the name of the parent brand, and likewise, it may take a different name unrelated to the parent name. Head and Shoulders have a different line extension in the same shampoo category. They all have the same Head and Shoulder name but targeted towards different segment of the market, while Alphabet has different names for their brand extensions which include Waymo, Nest and Verily.
5. *Manufacturing*: The parent brand may manufacture the brand extension, and it could also be manufactured by another brand. This process could be a form of co-creation, licensing or white labelling whereby another company manufactures the product for the parent brand and the child's brand name is put on it. Ferrari sells suitcases, even though they manufacture cars, this would have been outsourced to another company to produce. Online Travel Portal and Energy Companies in the United Kingdom also have white label arrangements.

9.3 Reasons for Brand Extension

Growth and financial reward may be considered as the key benefit of brand extension. However, sometimes, it might not just be about the money but the positioning and association with other brands. This section presents three reasons for brand extension.

9.3.1 Business Growth

The growth of a business can be evidenced by how well the brand has been stretched and extended. A brand will want to measure their growth by the number of products or services they can provide simultaneously. The ability to effectively manage many brands is a testament to the growth of the company (Butcher et al. 2019). A company will not want to rely on just one product, and they would have identified potential other products through the increasing public awareness and acceptance of their product. This expansion opens more markets and develops a greater customer base, and if successful, guarantees more sales volume and profit. Brand extension can be used to revive a declining product, extend it into another country or market where it may interest a new set of customers. This expansion further presents a strategic challenge for the brand owner and brand manager to understand their brands and explore the potential of extending them in the form of additional product or services that increase their profitability.

9.3.2 More Visibility for the Brand

With a growing number of well-managed brand extensions, there is more visibility for the brand. This visibility may even go beyond the country of origin as the product is exported and service delivered in different markets through franchising, licensing and white labelling. Brand owners and managers can take pride in the visibility of their brand across different customers and different markets. This visibility increases brand equity through awareness, association and loyalty (Mogaji et al. 2018). This visibility makes the brand attractive for more collaboration, partnership and co-creation. It gives the brand an edge in acquiring more companies to expand their brand lines and customer base.

9.3.3 Reputation

Brands may decide to go into co-creation to extend their brand based on the reputation of the partners involved. A celebrity may want to partner with a fashion brand to create a clothing line or perfume (Aririguzoh et al. 2019). Likewise, luxury brands may want to collaborate with another brand as a one-off design. The brand's present reputation and desire to enhance its reputation may present a reason to create a new brand. This partnership may not necessarily be about the financial benefit but to create an association and be in the company of other reputable brands. Brand managers need to explore these opportunities to enhance the positioning of their brands. It could mean a charity organisation working with a celebrity to raise awareness about their cause. The embedded meaning and perception about the brands can, therefore, be shared and transferred.

9.4 Identifying Potential for Extension

Brand Extension is a business decision that the brand owner and brand managers need to consider. Often it makes business sense for a brand to extend; however, to avoid failure and negative impact on the brand, it is essential to consider potential options for extension. These potential options give strategic insight into when a brand can consider extending and creating a new brand.

9.4.1 Brand Equity

As discussed in the previous chapter, brand equity represents the financial and non-financial worth of a brand. Equity is based on brand awareness, loyalty, association, perceived values and enterprise assets of a brand (Dwivedi et al. 2019). A brand may consider extending and creating a new brand if it is assured and confident about its equity. This level of equity suggests a brand that has raised a reasonable amount of awareness about its flagship product or service, a brand that has built a positive association and enough loyalty and thereby assured that these loyal customers are interested in what it has to offer. The level of brand equity suggests a reason why it is time for the brand to extend. When the brand is not ready, in terms of awareness and loyalty, this may be risky and hurt the flagship brand.

9.4.2 Market Dynamics

Even with good brand equity, a brand still needs to consider if the market is ready and in need of a new product. Understanding market dynamics involves researching to understand the present state of the market and if there is a desire for a new product. The brand also needs to consider the presence of a competitor and the impact they may have on a new brand coming into their market. Virgin Cola was founded during the early 1990s in conjunction with Cott, a Canadian company that specialises in bottling own-label drinks. Virgin Cola brand did not survive as it was unable to beat the stiff competition from Coca-Cola and Pepsi.

9.4.3 Loyal Customers

If the flagship brand has many loyal customers, there is potential for brand extension. When present customers are loyal, there are indications that they will be willing to buy the other products from the brand. Apple has been able to extend its brand because there are present loyal customers who are willing to keep buying more products. Building customer trust and loyalty are essential in developing a viable brand extension. This does not just happen—it usually happens because of quality services or products that a company continually offers.

9.4.4 Economic Viability

Even if there is the market need and loyal customers are interested in the product, is the new brand economically viable? The cost of research and development, production and distribution should be taken into consideration when determining if the new brand will add any value to the parent brand. Perhaps if the cost of producing and distributing the child brand can be shared with the parent brand, then there is potential for such extension. For example, the same production line used in producing Coke can be used for producing Diet Coke, and likewise, the same distribution can be used. However, if Coke develops a biscuit or cookie brand this requires different investment in the production line, and may affect the profit margin of such extension.

9.4.5 Advantage over Competitors

Provided the parent brand is sure of an advantage over competitors in the market; there is a potential for brand extension. There should be competitive leverage for the new brand, ensuring that it presents more desirable features than the established brand in the category.

Amazon's echo was already in the smart speaker market but Apple was assured it had an advantage as it already had Siri, on the iPhone, so they launched the Apple HomePod. Likewise, Google was assured that they could integrate many other applications into their smart speaker.

B is a new digital banking service by the high street bank brand, Clydesdale and Yorkshire Bank Group (CYBG). While the B brand was an online brand extension, it had an advantage because customers could get additional benefits from the physical banking services.

Provided there is a clear difference and an added feature for the innovation, there is potential for expansion.

9.5 Flagship and Extended Brand

For brands to extend, it is essential to know where the new brand comes from. The flagship brand is described as the first brand created and managed by the brand owner. It can also be described as the parent brand that will be extended into a new brand, the child brand (Fig. 9.1). Coca-Cola flagship brand is the Coca-Cola carbonated drink, and it is the first brand and parent brand that has been extended through line extension, co-creation and acquisitions. Apple's flagship brand was the Mac computer, and it acquired a huge number of loyal customers who got more interested in other child brands of the brand owner. For a successful brand extension, it is essential to ensure that the flagship brand has enjoyed a considerable amount of brand awareness and loyalty. The flagship brand should have acquired some equity in which they can transfer to a new child brand (Kim et al. 2016). If the flagship brand is not mature enough, it might not be able to sustain a child brand, and that can have a devastating effect on the parent brand. As illustrated below, the brand owner is now able to both push the flagship and extend the brand (Fig. 9.1).

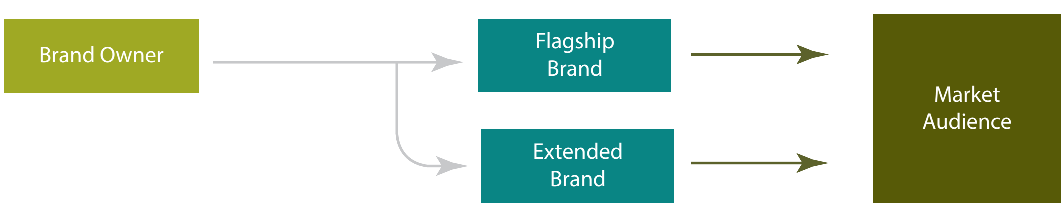


Fig. 9.1 Flagship and extended brand. (*Source*: Author)

9.6 Types of Brand Extension

For brands that have recognised a potential for extension, it is therefore essential to consider the type of extension that will be suitable for the brand. This understanding will influence the strategic direction and management of the new brand.

9.6.1 Line Extension

This form of extension is often considered as the first and most natural type of extension for a brand. This ease of expansion is because it aligns with the existing flagship product of the company. Living Witness is a food manufacturing company in Lagos, Nigeria. Their flagship product was beef sausage roll, however, to extend their product line, they made fish sausage roll. This new product is a line extension because the same production line can be used for the new brand. Line extension involves creating a new brand that shares the same production line with the flagship brand, targets the same market but differs in terms of features. The line extension differs from the original product in relatively minor ways, such as flavour, size, composition and price (Lye et al. 2001). So here, the sausage roll is produced using the same production line, targeted towards the same market (those who like sausage rolls) but differs in features (fish instead of beef). Likewise, Colgate has a toothpaste for adults and children. Products (from the same production line) are targeted towards the same market (those who want healthy teeth) but different features and ingredients for adults and children. The ease of creating a new brand of the same line makes line extension the more straightforward way for a brand to extend. The production expertise is there, the distribution network is available, and the market is there to explore.

9.6.2 Complementary Category Extension

After a successful line extension, category extension is often considered the next brand extension strategy. This form of extension is when an established brand creates a new brand in a different market. Brand extension can also be described as a category extension. This form of extension is when a brand leaves its production line to develop a new brand which is often likely to complement its flagship brand. The sausage roll brand may decide to create an orange juice brand to complement their sausage roll market. Likewise, Colgate decides to create a Colgate toothbrush to complement and interest those who are already using its toothpaste. Colgate might not be able to produce the toothbrush on the production line, but they can extend into the toothbrush category to launch a brand that will appeal to their existing market base, which uses their toothpaste. This form of extension has also been seen with Caterpillar, the machinery company that has extended into financial services provision to support those who may want to buy its equipment with the financial support they need. The Caterpillar brand is therefore extending its brand and, at the same time, giving more to its loyal customers.

9.6.3 Non-complementary Category Extension

Unlike the relationship between toothpaste and toothbrushes, which are complementary categories, there is the possibility for a brand to extend into a non-complementary category extension arrangement. This form of extension is often possible for a well-established brand creating a new brand for an entirely different market. An example is the Ferrari suit-case which is not complementary to the cars they make. Other examples are Lamborghini fountain pen, Maserati's partnership with fashion designer Zenga to develop an exclusive range of menswear and Bentley's Barnato and continental handbags. These car brands can extend their brand name into another market which presents the potential to generate both additional revenues and increase brand visibility.

9.6.4 Expert Extension

A brand that is considered an expert in its flagship brands partners with another brand to integrate its expertise. The expert brand is further extended into another brand based on its credibility and functional impact. These functional brands are evaluated on their performance and product characteristics (Lye et al. 2001). Carl Zeiss AG, branded as Zeiss, is a German manufacturer of optical systems and optoelectronics. Zeiss lenses extended into smartphone cameras like Sony Xperia and Nokia Sirocco. Likewise, Intel, the world's largest manufacturer of PC microprocessors, has extended its brand into many computer brands like HP and Asus. Dolby Atmos, an expert brand in sound systems, has also extended into many smart speakers. This extension is often considered on a technical and co-creation level for both brands to work together.

9.6.5 Prestige Extension

This form of extension is often on an emotional level, a collaboration between two brands that have decided to work together. It is very similar to the idea of expert expansion. However, this prestige brand extension is more emotional than technical. Park et al. (1991) demonstrated that functional (expert extension) and prestige brands are evaluated differently. The positive image and self-concept associated with prestige brands will be transferred to the brand extension, resulting in a more positive attitude to prestige brand extensions (Lye et al. 2001). For prestige brand extensions, there is the reliance on the parent brand's equity which includes brand awareness and loyalty. An example is the Tiffany Blue Box Café inside London's most glamorous department store, Harrods, which allows guests to dine surrounded by dazzling jewels and decadent interior design. Tiffany, as a prestige brand was able to extend and create a new brand by partnering with Harrods. So, this type of expansion allows the brand to obtain a higher level of recognition from other brands and brand users. It also gives the brand users some higher level of prestige and makes them develop positive attitudes towards themselves and others.

Celebrities can also extend their brand in the form of prestige extension. These celebrities can lend their brand equity to other brands, partnering to create a new brand. Kanye West, a celebrity human brand, partnered with German sportswear brand Adidas to create a new brand called Adidas Yeezy. This extension is not a typical line extension by Adidas, but a prestige extension based on the contribution and involvement of Kanye West. James Bond, a very well-known movie franchise, also created the James Bond 007 Eau de Toilette which claims to embody the unique duality of Bond's character: a smooth, irresistible combination of masculinity and sophistication.

9.6.6 Customer-Based Extension

This form of extension is closely related to the idea of category extension. However, instead of a different brand for a new market, the customer-based extension creates new products for a new customer base. For example, in 1886, Johnson & Johnson manufactured the world's first mass-produced, sterile surgical supplies, including sutures, absorbent cotton and gauze. The customer base were medical practitioners; however, they have extended into consumer health products which target different consumers, including children and women with their baby care, skincare and women's health products. As illustrated in ▣ Table 9.1, Marriott Hotel has 33 different brands that are targeted towards different customer bases. Some hotels are created for customers who want luxurious accommodation, others are for those who want a more extended stay.

9.6.7 Geographical Extension

Geographical extension is a form of extension into a different market in a different geographical location. Often, this is extending into another country outside the brand's country of origin. This form of extension can present brands in a different name in another

▣ **Table 9.1** Marriott Hotel brands

Brand type		**Hotel brands**
Luxury *Bespoke and superb amenities and services*	Classic luxury	The Ritz-Carlton St Regis JW Marriott
	Distinctive luxury	Ritz-Carlton Reserve The luxury collection W hotels Edition
Premium *Sophisticated and thoughtful amenities and services*	Classic premium	Marriott hotels Sheraton Marriott vacation Club Delta Hotels
	Distinctive premium	Le Méridien Westin Renaissance hotels Gaylord hotels
Select *Smart and easy amenities and services*	Classic select	Courtyard hotels Four points SpringHill suites Protea hotels Fairfield inn & suites
	Distinctive select	AC hotels Aloft hotels Moxy hotels
Longer stays *Amenities and services that mirror the comforts of home*	Classic longer stays	Marriott executive apartments Residence inn TownePlace suites
	Distinctive longer stays	Element Homes & villas by Marriott international
Collections *Uniquely designed, each offering distinctive, luxurious experiences*	Classic collections	Autograph collection hotels Design hotels Tribute portfolio

Source: Marriott (2020)

country. Lay's, a brand owned by Frito-Lay, a division of PepsiCo is packaged as Walker's in the United Kingdom, Sabritas in Mexico, Tapuchips in Israel and Chipsy in Egypt. The United Bank for Africa (UBA) Group, with a base in Nigeria, has extended its banking operations to 25 countries in Africa. This form of extension allows a product to be produced or services provided in another country, reaching out to different customers. This, however, comes with its challenges which include understanding the consumer behaviour in that country, the regulations, marketing and distribution of the new product.

9.7 Advantages of Brand Extension

Brand extension, if it is a reasonable progression, can be a smooth path for a brand. It also has many advantages for the brand and its stakeholders. Often, if a brand extension is done correctly, it will bring considerable benefits to the brand. Some of these advantages are discussed below.

9.7.1 Market Entrance

If there is brand awareness and the brand has an established presence in the market, it becomes easier to enter the market with a new product. The brand owner can build on existing knowledge about the market structure, regulations and distribution network to create a new brand for the market. This market entrance may not be easy for a new brand that needs to explore distribution and marketing strategies. For example, Colgate can build on its existing distribution channel to sell their new flavour of children's toothpaste or a new design of toothbrush, and the brand has already built some equity to justify their position in the market. The entry into the new market also comes with financial benefits and sales as it increases market coverage, bringing new customers to the brand.

9.7.2 Saves Cost

The strategic decision to extend the product line can save costs and further increase organisations' profit. The brand can save research and development costs for a new product, especially for a line extension. This is because the organisation can decide to use their existing facilities to produce a new product. By that, the brand will be saving costs on production, promotions and distribution. The new brand can rely on brand awareness and advertising campaigns of the flagship brand. Brand awareness becomes more relevant in franchising, co-creation and licensing arrangements where the cost of advertising could be shared between the partnering brands.

9.7.3 Higher Patronage

With ease of entering the market with a new brand and existing brand loyalty and brand awareness, comes higher patronage of the new brand. Marketers accept to distribute the new products, and likewise, consumers are willing to patronise the brand. These loyal consumers, with their continued interest in the parent brand, ensure higher patronage of the new brand. There is a willingness to try a new product or service which has an established brand name. For example, the consumers who are loyal and want to be associated with Tiffany will be more interested in having breakfast at the Tiffany Blue Box Café inside Harrods.

9.7.4 Perceived Quality

Consumers that have experienced the flagship brand are more likely to transfer such perceived quality to the new brand. For example, if the perception of Ferrari sports cars is strength and durability, such perception can be transferred to their suitcases. There is less perceived risk. The consumers trying the new brand are assured that the flagship brand was good; therefore, the new brand will be okay. What the brand is known for, comes into play at this level. The consumers are ready to take a leap of faith with the company and buy the brand's new product based on the fact that the company is already known for quality, durability and anything else that appeals to the customer.

9.7.5 Enhanced Brand Image

This perceived quality of the new brand can also enhance the image and awareness of the parent brand. The flagship brand is now seen around the world, in association with different brands and co-creations of many other brands. This awareness and the increasing large portfolio of brands build the equity of the brand, which can present value to the consumer and the brand owners. Many other brands will want to be associated with this brand. This association could be in the form of licensing or franchising. These associated brands will benefit from the increasing equity of the brand.

9.8 Disadvantages of Brand Extension

The fact that many brands are extending their brand is not a guarantee of success. Brand extension is a strategic decision that may fail and impact the flagship brands if not done correctly. This section highlights some disadvantages of brand extension.

9.8.1 Loss of Investment

Like any business decision, brand extension comes with risks, especially if the brand is not well prepared for the expansion. Perhaps there is little brand awareness and loyalty or the market is not ready for such a product. This unsuccessful brand extension can lead to loss of investment in the design and development of the product. The cost of marketing and advertising may never be recouped.

9.8.2 Negative Attitude

Unsuccessful brand extension can hurt the flagship product, especially if it is a growing brand. Consumers are likely to see the brand as a failure. The customer may develop a negative perception of the quality and sustenance of the brand. Likewise, there is the possibility that consumers will feel the brand is only about making a profit, and that is why they are extending into different areas, especially for the non-complementary category extension.

9.8.3 Brand Dilution

The eagerness to expand without proper planning may cause a dilution of the flagship brand. Consumers no longer trust the flagship brand as it indicates that the brand is confused and do not know what they are doing. The loyalty that has been built over the years may disappear and hurt the equity and image of the brand.

9.8.4 Consumer Alienation

Brand consumers may be alienated by a brand extension. When consumers cannot see a congruency between the flagship brand and the new brand, they are more likely to ignore the brand. Extending the brand name and creating too many brands may lead to a loss of reliability. The brand association is weakened, the loyalty is reduced and brand equity is negatively affected.

9.8.5 Cannibalisation

An extension can become very popular and overshadow the parent brand. This situation is described as cannibalisation. Aaker (2013) underlines that the success of an extended brand cannot compensate the damage produced to the original brand's equity. For a cannibalised flagship brand, we see the extended brand is now almost in a competition. For example, Old Navy, founded in 1994 as an extension of the GAP. In 2019, According to Statista (2020), there were 675 Gap stores in North America while there are 1207 Old Navy stores in North America. Here we see an extended brand doing much better than the flagship brand. Gap has been closing stores while its Old Navy brand has plans to open more new locations. It was not surprising to see GAP nurturing the idea of splitting Old Navy off into its own publicly traded company but the idea was latter drooped in January 2020 as the company plans move forward to find a new path to growth.

9.9 How to Extend a Brand

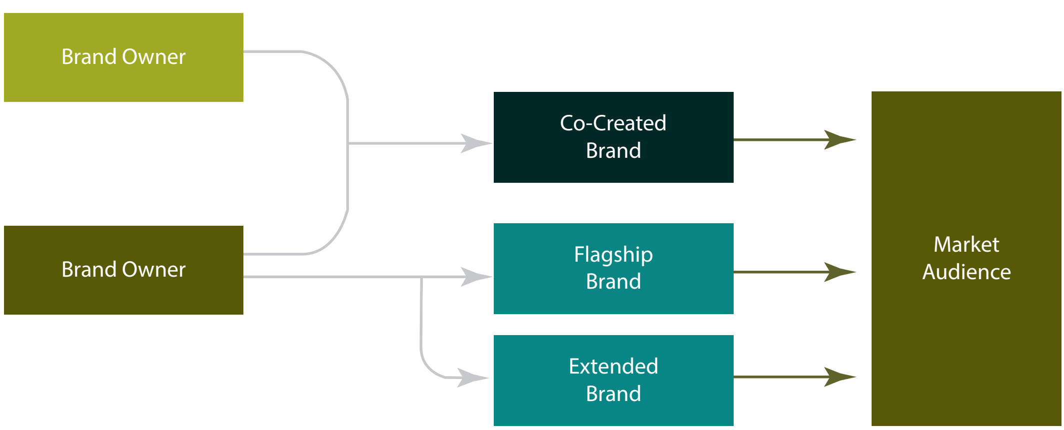
There are many types of brand extension, as previously indicated. However, there are many ways of achieving these extensions.

9.9.1 Parent Brand Extension

The parent brand achieves this form of extension. Here, the parent brand is responsible and able to produce a child brand. This mode of extension and market entry primarily involves the line extension. For example, Sensodyne is extending its line into the children market by producing toothpaste for children with sensitive teeth; Sensodyne can produce this new toothpaste itself, they have the capabilities and production line to do so. Similarly, a hotel brand that is developing a new budget hotel brand can still run this new hotel itself. In this case, they do not have to outsource the production to another company (◻ Fig. 9.2).

9.9.2 Co-Creation

This form of market entry is relevant for co-created brands, especially, for a prestige brand extending into a different domain. This co-branding is also called brand bundling or brand alliances—which occurs when two or more brands are combined into a joint product or are marketed together (See ◻ Fig. 9.2). This co-creation could also be in the form of a joint venture or strategic alliance. For example, Kanye West and Adidas have partnered to create Adidas Yeezy. Kanye West does not make the sneakers; Adidas does this using its production line. They cannot call it their line extension because another brand is involved. Likewise, for the Tiffany Blue Box Café inside Harrods, services will more likely be provided by Harrods' staff trained in Tiffany's brand. Rimowa and Dior partnered to design and develop a personal clutch. However, both brands' names are on it, and the capsule collection was created together with legendary



◻ **Fig. 9.2** Co-created brands. (*Source*: Author)

Dior Men's Artistic Director, Kim Jones, but produced by Rimowa who has the production line to achieve that. The arrangement of this production is left to both partners.

There are many benefits of this co-creation strategy for brand extension. Partners can benefit from the other's expertise. Kanye West benefits from the expertise of Adidas to develop the Adidas Yeezy brand. Likewise, there are possibilities of leveraging on the equity that a partner does not have. This arrangement is often beneficial to a smaller brand collaborating with a well-established and well-known brand. Importantly, there are reduced production costs for both parties as they can share production and marketing costs. It also brings additional income for both parties.

Notwithstanding these benefits, there are also challenges with this type of arrangement. With two or more parties involved, there is a loss of control, and this can affect brand equity. Not providing solutions to the issue of control and responsibilities can lead to negative feedback on both brands, and this can cause organisational distraction. Brand managers need to be mindful of whom they partner with and discuss all necessary strategic decisions that need to be made (Fig. 9.2).

9.9.3 Licensing and Franchising

This entry mode is a marketing process whereby a brand can use the trademarked assets of another brand. Often the owner of the trademarked assets is paid in the form of licensing fees. As illustrated in Fig. 9.3, Licensing involves contractual arrangements. Franchising is a form of licensing and occurs where a company already has a well-developed business model (Ludvigsson-Wallette and Lawrence 2020). We can describe franchise as a licence that a party (franchisee) acquires to allow them to have access to a business's (franchisor) proprietary knowledge, processes and trademarks in order to allow the party to sell a product or provide a service under the business's name. Therefore, licensing and franchising are two similar words that are often used interchangeably by brand managers and marketers. These two words are similar because their principles often overlap but they are still different in terms of technical and legal details; however, in the case of introductory brand management, we assume they are the same. The new brand (through the licence holder) can use the images, brand names and other intellectual property of the asset owners to attract a new market audience.

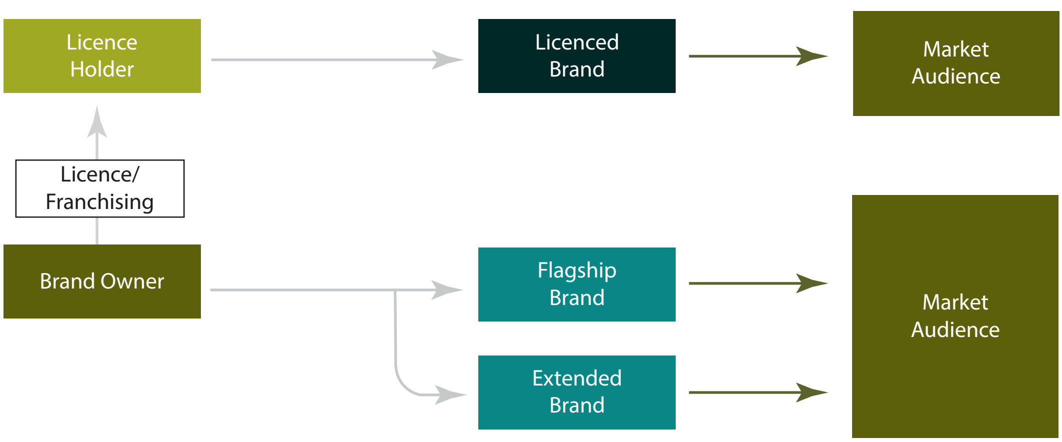


Fig. 9.3 Brand licensing and franchising. (*Source*: Author)

This arrangement is often used by brands which need to enter a new market without incurring the costs of setting up locally and any additional costs. Such arrangements offer intellectual assets to a suitable partner in the new market. Licensing benefits the licence owner who can extend its brand into different countries and it can benefit from the brand equity of the parent brand to succeed in a new market. When CYBG bought Virgin Money in 2018, the arrangement was to use the Virgin brand name as the new name of the brand while CYBG operated the financial activities. CYBG had to licence the Virgin Money brand for £12 million a year initially, going up to £15 million in the fourth year and pays additional royalties equivalent to 1% of revenues from the fifth year. The royalties go to Richard Branson, who owns the Virgin brand.

While the Coca-Cola carbonated drink product is uniformly presented around the world, it is produced by different licensed bottling companies. Coca-Cola Company only produces syrup concentrate and shares this with licensed bottling companies which hold exclusive territory contracts with Coca-Cola. These licensed companies produce the drink from the concentrate in cans and bottles and sell it to retailers. Coca-Cola Amatil acquired the Northern Territory Coca-Cola franchise in 2004, positioning them as the sole licensee of Coca-Cola products in Australia. Coca-Cola Amatil is one of the world's larger bottlers of the Coca-Cola Company range operating in six countries—Australia, New Zealand, Indonesia, Papua New Guinea, Fiji and Samoa. Some other licensed bottlers are Coca-Cola European Partners PLC in Western Europe and Coca-Cola FEMSA in Mexico.

UK universities have also licensed their courses to be taught in other countries. This licensing arrangement allows international students to be taught and awarded UK university degrees in their own countries.

Games (Rovio's Angry Birds) and Movies (Star Wars, James Bond) can also license the use of their brand name.

Here are some key points in relation to these arrangements:

1. Consumers will see the licensed brand as the same as the parent brand and may not be able to differentiate, provided the licence holder has followed the agreed formulae and structure. This arrangement is also to the benefit of the holder who enjoys the equity of the licence owners to sell the brand.
2. The licence holder may not be limited to just the licensed brand. Coca-Cola Amatil bottles other beverages such as Kirks and Mount Franklin, but they will not bottle a competing brand. A college in Asia delivering a course from the United Kingdom may deliver another course from an Australian or American university.
3. There is a territorial arrangement between the licence holder and licence owner. This territorial arrangement is often to protect the business interest of the licence holder, which is assured that its licence will solely provide the brands for that territory.
4. The duration of the licence agreement needs to be agreed on. However, there is potential for an exclusive long-term agreement. In 1919, Europe welcomed the first Coca-Cola bottling plants to Paris and Bordeaux in France. Coca-Cola Amatil acquired the Northern Territory Coca-Cola franchise in 2004 and is still bottling up until now.

9.9.4 White and Private Labelling

If a well-known toothpaste company wants to extend its brand by making toothbrushes and it does not have the production lines to do so (perhaps they only have the production line to make toothpaste,) they might outsource the

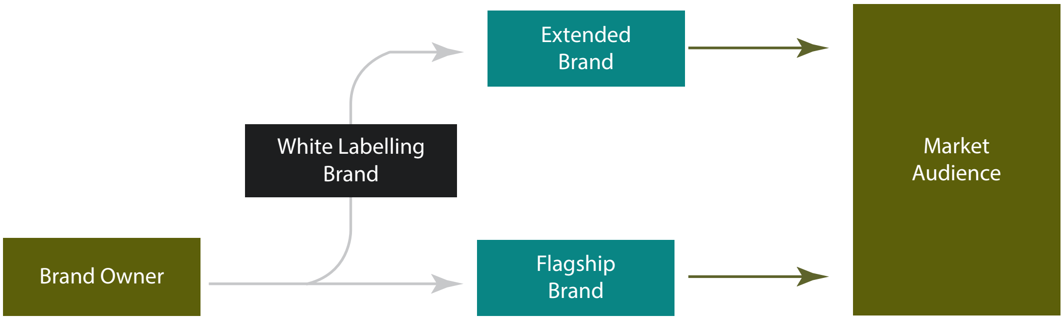


Fig. 9.4 White labelling brands. (*Source*: Author)

toothbrush production to a company in China. The company would then put the brand identity of this well-known toothpaste company on the toothbrushes. This arrangement is the basic concept of white labelling (See Fig. 9.4). It is a legally binding business agreement which allows a product or service to be sold and rebranded under another company's brand. White labelling is not limited to a product as services can be white labelled too.

There are many white label energy companies in the United Kingdom (Farinloye and Mogaji 2019). In the United Kingdom's retail energy market, an organisation that does not hold a supply licence can work with a licensed partner supplier to offer tariffs under the white label brand. British Gas partnered with Sainsbury's to create Sainsbury Energy which is a white label of British Gas. Local authority-led energy services company (LESCo) can also create a white label energy company based on the services of an existing energy partner (Mogaji et al. 2020). The websites of these white label energy companies often share the same layout and structure, allowing each brand to make little changes.

Private label brands (PLBs), also called store brands are brands owned by a retailer or wholesaler (Porral and Levy-Mangin 2016). To further illustrate with another toothpaste example, Lidl, a retail store in Europe may want to start selling its brand of toothpaste. However, they do not have a production line. They may, therefore, reach an agreement with Colgate, who has the production line to create a new product for them, which they will sell under a new brand name called Dentalux. There are often concerns over the quality of store brands. Some consumers feel a known brand (like Colgate Toothpaste) is better than a store brand (Dentalux). Most PLBs are priced below the known brands, but changes in store branding strategies have encouraged premium PLBs (Mogaji et al. 2018). Sainsbury has Basics PLB and Sainsbury's Taste the difference as a premium PLB. ASDA Smart Price is a PLB, but ASDA Extra Special range is a premium PLB. PLB is known to increase consumer price sensitivity and spur manufacturers to spend more on their brands (Bockholdt et al. 2020).

The key points here are as follows:

1. White labelling is often a business secret as brands may not want consumers to know that it is a white label. Likewise, the manufacturer may not want to disclose that they do white labelling for other brands. Kellogg's once wrote on their packaging that they are so proud of their cereals they do not make them for ANYONE ELSE.
2. The white labelling company (let us say the toothbrush manufacturer in China) can as well, make many other white labels for other toothpaste brands that are extending into the toothbrush market.
3. There is an agreement on the specification of the white labelling. Therefore, even though a manufacturer is producing white labels, consumers may experience different quality. Colgate may inform the manufacturer to make theirs with better material

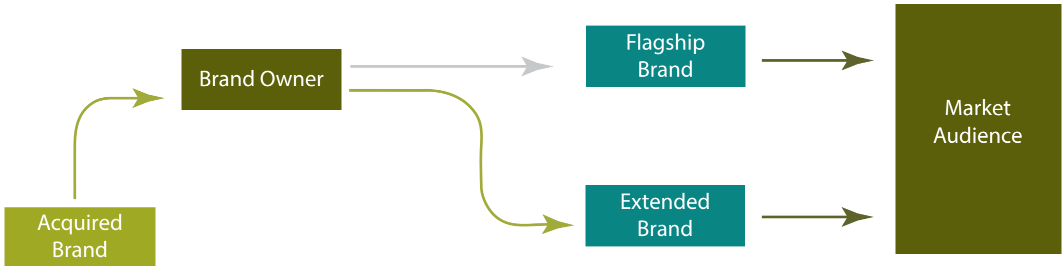


Fig. 9.5 Acquired brands. (*Source*: Author)

while another brand may not be that focused on the quality.

These white labels offer a more accessible option for a parent brand to extend, create or co-create a new brand. The brand using the white label does not have to manufacture the product from scratch, they save money on research and development, and it gives them a competitive edge as they can pass the savings on to the customers. The negative side, however, is that the new brand may not be unique, as it is often from a template used for many other brands. Likewise, the parent brand has little control over the quality of the brand, and this may have an impact on the parent brand. So, this type of white label is a double-edged sword that could make or break a company (Fig. 9.5).

9.9.5 Acquisition

Brands considering entering a new market that do not have the production line or resources may decide to acquire a brand and bring it under the parent brand to manufacture that product (Damoiseau et al. 2011). To illustrate this, Colgate may decide to terminate the white labelling agreement with the Chinese toothbrush manufacturer and decide to acquire a toothbrush manufacturer which will bear the Colgate brand, and solely make Colgate branded toothpaste. Google wanted to enter the fitness tracking market to compete with the Apple watch. Instead of starting from scratch to develop a new brand, they acquired Fitbit, an existing brand. Likewise, when Coca-Cola wanted to extend into the smoothies' market, they decided to acquire Innocent Drink. The Coca-Cola Company also acquired Costa Limited, the United Kingdom's biggest coffee chain from Whitbread PLC to enter the coffee retailing business and further diversify from carbonated drinks.

Acquisitions allow easier and faster access to a market provided the parent brand has the financial capabilities. The parent brands do not need to invest in developing a new product, and they do not need to invest in creating awareness about the brand as the acquired brand has already got loyal customers and brand awareness (See Fig. 9.5). However, there could be some setbacks in mergers. These might come from the shareholders or the customers. The hostile takeover of Cadbury, the UK-listed chocolate maker, by US food company Kraft Foods had to be discussed at a parliamentary select committee. Consumers, shareholders and regulators were keen on keeping Cadbury as a British brand, and this led to an overhaul of the United Kingdom's takeover rules. In September 2005, eBay acquired Skype for \$2.6 billion intending to integrate it into their website to aid communications during the auction. However, consumers did not find it necessary for conducting auctions, and the rationale for the purchase disintegrated. Skype was later sold to Microsoft in May 2011 for \$8.5 billion (Fig. 9.6).

This section has discussed five different ways to extend brands, which can also be

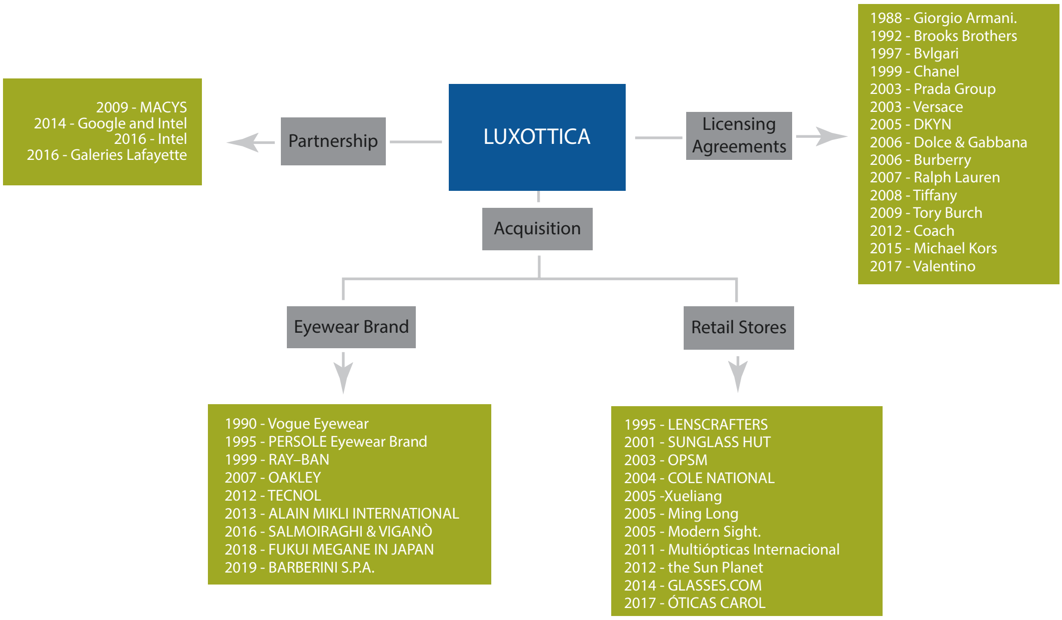


Fig. 9.6 Brand extension strategies of Luxottica. (*Source*: Author)

Table 9.2 Summary of different ways to extend brands

	Type of entry	Description	Example
1	Sole creation	We produce our extended brands ourselves.	Colgate producing Colgate kids and Colgate sensitive Coke producing Coca-Cola energy drink
2	Co-creation	We produce our extended brands by ourselves on behalf of our other partners.	Rimowa producing the Dior and Rimowa capsule collections Adidas producing Adidas Yeezy
3	Licensing and franchising	We produce our brands with a licence from the brand owner.	Coca-Cola Amatil producing Coca-Cola in Australia The University of Sheffield international college preparing students for the University of Sheffield
4	White label	We produce these brands on behalf of another brand which we may not disclose.	Another brand producing the Colgate toothbrush Angelic energy as a white label from Robin Hood Energy
5	Acquisition	We produce these extended brands for the parent brands that acquired us.	Coca-Cola acquired innocent juice to extend their brands beyond a carbonated drink Google acquired Fitbit to enter the fitness tracking market

Case Study 9.1: Luxottica

Luxottica is an Italian eyewear conglomerate and the world's largest company in the eyewear industry. It is based in Milan, Italy. The brand expanded its portfolio over the years through four different routes.

1. *Licensing agreements with different eyewear manufacturers and designers*. The first agreement was with Giorgio Armani in 1988, which marks the creation of a globally important licence portfolio for the brand. The brand has the licence for brands including, Burberry, Bulgari, Chanel, Coach, Dolce&Gabbana, Ferrari, Michael Kors, Prada, Ralph Lauren, Tiffany & Co., Valentino and Versace.
2. *Partnership with other companies*. Luxottica partnered with technology companies like Intel and Google and retail stores like Macy in the United States and Galeries Lafayette in France. In 2015, Luxottica signed an exclusive agreement with Macy's, one of the major department stores chains in North America, to open new LensCrafters stores inside Macy's locations around the United States. Luxottica also signed an agreement with Galeries Lafayette, the leading department store in France, to open Sunglass Hut stores inside Galeries Lafayette and BHV Marais. In 2016, Luxottica (through the Oakley brand) partnered with Intel to develop the Oakley-branded smart eyewear that features a real-time, voice-activated coaching system to improve training and performance for runners and cyclists.
3. *Acquisition of eyewear brands (to manufacture its brands of eyewear)*. In 1990, Luxottica acquired Vogue Eyewear and expanded its presence in the fashion and lifestyle sector. In 1999, with the acquisition of the eyewear division of Bausch & Lomb Inc., the Ray–Ban, Revo, Arnette and Killer Loop brands entered the Group's portfolio. In 2007, Luxottica acquired California-based Oakley Inc., strengthening its portfolio with one of the most iconic brands in sports and performance.
4. *Acquisition of retail stores (to sell the eyewear)*. In 2001, Luxottica strengthened its retail presence by entering the sun segment with the purchase of Sunglass Hut, one of the significant premium distributors of sunglasses in North America, Australia and the United Kingdom. In 2003, Luxottica acquired OPSM, leading eye care and eyewear retailer in Australia and New Zealand. Luxottica further expanded its retail presence in North America with the acquisition of Cole National, which included Pearle Vision, Sears Optical and Target Optical store chains. Luxottica entered the optical retail business in China by acquiring Xueliang Optical chain in Beijing, Ming Long Optical in Guangdong and, a year later, Modern Sight Optics in Shanghai. Through a rebrand, the stores changed their names to LensCrafters, which has become the leading retailer in the eyewear segment in China.

With this massive list of licensing, partnership and acquisition (See ◘ Fig. 9.6), it is essential to recognise the role of brand equity, both for Luxottica and for other partners. Luxottica has its own brand equity, but with regards to the licensing agreement, they must negotiate with the designers on the cost of licensing. Giorgia Armani will charge a fee and likewise Tony Burch, but these fees will vary depending on the brand equity and the value of the brands coming into the partnership. Taking into consideration the brand equity of Luxottica, they may have some bargaining power, which a new brand, looking for licensing agreements may not have. Many other designers, recognising the impact of Luxottica in eyewear may be eager to work with them and may, therefore, reconsider their royalty fee for such agreements. This highlights the importance of brand equity for both the brand owner and the licensee.

Reflective Questions

- Why do you think Luxottica has been successful in their expansion through various acquisitions and licensing?
- How do you think another brand in a different sector can adopt this strategy?

Case Study 9.2: Jay-Jay Okocha

Jay-Jay Okocha is a former professional footballer, and he can be considered as a human brand with the possibility of extending into other brands beyond sports. Humans can grow their brands by co-creating and partnership with other brands. Brand extension is not only limited to physical products or services. There have been various examples of celebrities who have tried to integrate and extend their brands.

Following on from Case Study 1.2 in ▶ Chap. 1, Olalekan Akinyele, Creative Director and brand enthusiast, illustrated and proposed different brand extension strategies for Jay-Jay Okocha. Extension prospects included branded shirts, branded footwear and branded fashion and clothes lines. As of August 2020, there is no indication that Jay Jay has extended his brands in that way.

From different examples of brand extension discussed in this chapter, the critical strategic decision for Jay-Jay Okocha here is to decide in which brand he will put his brand identity. From a human brand perspective, this could include:

1. Co-creating footwear with a known brand (maybe Reebok from his days at Bolton Wanderers FC), possibly targeting millennials and football fans in Africa and then expanding globally.
2. Licensing his brand name to Reebok to make the shoes and sell them. In this case, he might not be involved in the design and development of the shoes.
3. Private labelling whereby his brand name will be on the shoes. He will be solely responsible for the marketing and sales.

Being a recognised human brand is an advantage for Okocha to expand his brand; it is, however, essential to acknowledge that his name and brand identity alone may not guarantee sales. Many people may not buy a poor-quality product even if it has the name of the best footballer in the word, and that is where brand management comes in. Nevertheless, there is an added advantage and opportunity for a human brand like Okocha to extend his brand (◘ Figs. 9.7, 9.8, and 9.9).

■ Reflective Questions

1. Why do you think many human brands like celebrities are extending their brands into different products?
2. For those human brands not extending their brands, like Jay-Jay Okocha, what do you think could be the challenge in extending their brand?
3. What other ways can you suggest for Jay-Jay Okocha to extend his brand?

◘ **Fig. 9.7** Proposed branded shirts as a form of brand extension for Jay-Jay Okocha. (*Source*: Olalekan Akinyele)

Fig. 9.8 Proposed branded footwear as a form of brand extension for Jay-Jay Okocha. (*Source*: Olalekan Akinyele)

Fig. 9.9 Proposed branded fashion and clothes lines as a form of brand extension for Jay-Jay Okocha. (*Source*: Olalekan Akinyele)

described as market entry methods. ▫ Table 9.2 presents a summary of the methods with examples.

9.10 Key Considerations for Brand Extension

Brand extension is essential for a brand's growth. When the opportunity presents itself, the brand manager should explore it. However, here are some key considerations for brand owners and brand managers as they explore the brand extension possibilities. It is essential to recognise that brand extension is not just limited to big and corporate brands; small businesses can expand their business lines; charity organisations can do likewise. However, this should be considered strategically to avoid any negative impact on the flagship brand.

9.10.1 Justifiable Reason

The brand managers need to ask whether a brand extension is needed or not. The same brand manager must also be able to answer if a brand extension can be justified at a point in time. The fact that many brands are doing it does not mean all brands must do it. The brand extension may be too early for some brands, and therefore, they may need to build their competency, awareness and loyalty. The structure of some brands may not provide a justifiable reason for considering an extension. For example, charity organisations may want to entirely focus on their mission, keeping their flagship brand as a charity providing the needed assistance and may not want to distract themselves with extension into another territory. They may lose their reputation and credibility. Brands need to be sure that the extension aligns with their core values, objectives and ethics. Brand research is also essential in justifying the decision for an extension. The research may be in the form of a brand equity evaluation to understand the level of brand awareness and loyalty. The research can also explore consumer and market expectations. Brand managers should also research into brand partners to understand if they have shared values and ideologies. The results of this research should provide empirical data upon which the brand manager can decide.

9.10.2 Starting Small

If the decision has been made to start a new brand as an extension, then the brand manager may want to consider starting small. This small start will most likely be a form of line extension. A line extension is an extension the brand should be able to manage along with its flagship brand. They have the required level of competencies, consumer base and distribution network to begin. This extension may be a more natural and safer way of creating more visibility within the market. The brand can use this extension to build more awareness and loyalty, which will be beneficial when entering a new category and market. The most important thing to consider here is starting from an experienced point of view, and then possibly extending the business to unknown and undiscovered territories.

9.10.3 Brand Structure

The brand manager needs to ensure that the brand extension aligns with the structure of the brand. This alignment may include exploring how the extended brands will fit into the existing brand lines and the philosophy of the parent brand. Many charity brands have a range of licensed products, which they use to generate income. Children in Need has the Pudsey Bear, which has been licensed across different merchandise and generates income for the charity. It is, however, important not to get distracted from the essence of the brand, diluting their core messages and losing the trust and loyalty of their donors. There should be a perceptual fit between the flagship brand and the extended brand. The consumers must perceive that the new brand is consistent with the values and ideologies of the parent brand. The extended brand should reinforce the essence and promise of the flagship brand. Colgate, a brand well known for its oral care products extended into the food market with Colgate Kitchen Entrees which are frozen ready meals, and this was later scrapped due to brand confusion. Microsoft researchers were developing a bra with sensors that could monitor a woman's emotional state to combat overeating, Microsoft, however, says it has no plans to make the bra into a commercial product.

While brands may want to be innovative and explore the market, they may, however, lose credibility if they extend too far into an unrelated market. Brand managers need to do their research to understand how far they can go with their products and make an informed decision.

9.10.4 Marketing and Distribution

With the new brand now gone through research and development, the brand manager needs to consider how to market and distribute the brand (Lee et al. 2019). The manager needs to consider the mode of entry for the new brand and how soon the product can be made available. If it is line extension, they may want to use the existing distribution network. If they are licensing it to another company in another country, how will that be arranged? What are the checks that need to be done to ensure that the licence holder is producing the brand to the given and expected standard? In the case of co-creation, how will the product and agreement be managed? Can two brands in the same market be managed? Has the brand got the resources to manage these growing brands? These questions and ensuing discussions are essential for a successful brand extension arrangement.

9.10.5 Name Selection

The brand manager needs to consider the brand identity for the new brand (Iglesias et al. 2020). As we saw earlier with Lay's potato crisps, different names are used in different countries, but they still maintain the same shade of red and yellow on their logo. The brand manager needs to consider if the extended brand will use a name related to the flagship brand, or if it will use another name. If transferring to another country, will it maintain the flagship brand name or adopt a different name, in the way that Burger King in the United Kingdom is Hungry Jack's in Australia. How about if it is a co-created brand, whose name will be used for the brand, Air Jordan is made by Nike and Adidas Yeezy is made by Adidas. Adidas Yeezy however has a touch of Kanye West in the name. If licensing, how will it be arranged? Some of the hotels in the Marriott brand have *By Marriott* in their name, and perhaps this is an arrangement to reinforce the Marriott brand as part of the extended brands. The naming structure is something that should be well explored by the brand manager.

9.11 Conclusion

Brand extension is about using an established brand to create another brand that is targeted towards a different market category. This is an important and essential marketing strategy (Pourazad et al. 2019). The brand manager should consider it as they plan to grow the brand and remain profitable. Brand managers may also consider extending into different countries to increase their sales and get more visibility. Likewise, there could be an opportunity to work with well-established and reputable brands to co-create another product. The potential and opportunities are huge; however, the success of this arrangement cannot be guaranteed.

Brand managers should be able to justify their decision to extend their brands (Hassan et al. 2019). This justification is needed because brand extension may not be necessary for some brands, while others may need to start with a simple line extension. The brand manager needs to ensure a perpetual fit between the extended brand and the flagship brand. This fit idea further raises concern about the mode of entry of the new brand—especially if the extension is into a non-complementary market. The brand manager needs to be assured that they are not over-stretching the brand in order not to lose credibility and alienate the customers.

Building brand awareness and loyalty are essential in guaranteeing a successful brand extension (Anselmsson et al. 2017). Brand extension is not limited to big and private brands or products or services. Charity organisations, small businesses and humans can also extend their brands. However, an understanding of scope is necessary. Brand extension, though it can be lucrative, should not be rushed into. Managing the process well is essential. Consumers are interested in products that meet their needs, and brands need to innovate to meet these needs. There should be a match between what the consumers want and what the brand is offering. An extended brand should also align with the values of the flagship brand, offer competitive leverage and positively contribute to the equity of the parent brand.

Key Points

- Brand extension is a normal progression for a valued and well-managed brand.
- Brand extension can increase market share, visibility and guarantee growth.
- Brand extensions offer a more natural and considerably cheaper way of entering a new market. A brand can build on their production and delivery expertise, customer base and distribution network.
- Brand extensions can fail. This failure can affect the reputation of the parent brand, losing their investment and equity. Brand extension failure can confuse and alienate customers.
- Brand managers, therefore, should identify a justifiable reason for their extension strategy. A brand extension may not be for every brand.
- Brand extension is not limited to big and private brands. Brand extension is not limited to products or services. Humans can extend their brands into perfume and clothes lines.
- Brands considering extension may need to start small with what they can manage. This small start could be a simple line extension.
- There are other ways of extending the market; they include co-creation, licensing, franchising, white labelling and acquisition.
- The brand identities of the new brand are essential. It's necessary to consider whether the extended brand will share the parent brand's name or use another name

▶ Student Activities

1. How would you describe brand extension?
2. Why should a brand consider a brand extension?
3. What are the advantages and disadvantages of brand extension?
4. How best can a charity brand extend its brand?
5. Why might a brand extension fail?
6. What makes a brand extension successful?
7. What are the brand management implications and considerations for UBA, a bank in Nigeria trying to extend its banking services to France?
8. What is the difference between a white label and private label?
9. Are there ethical implications in white labelling?
10. What is the implication of using a different brand name for an extended brand in another country? ◀

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Brand Mergers and Acquisitions

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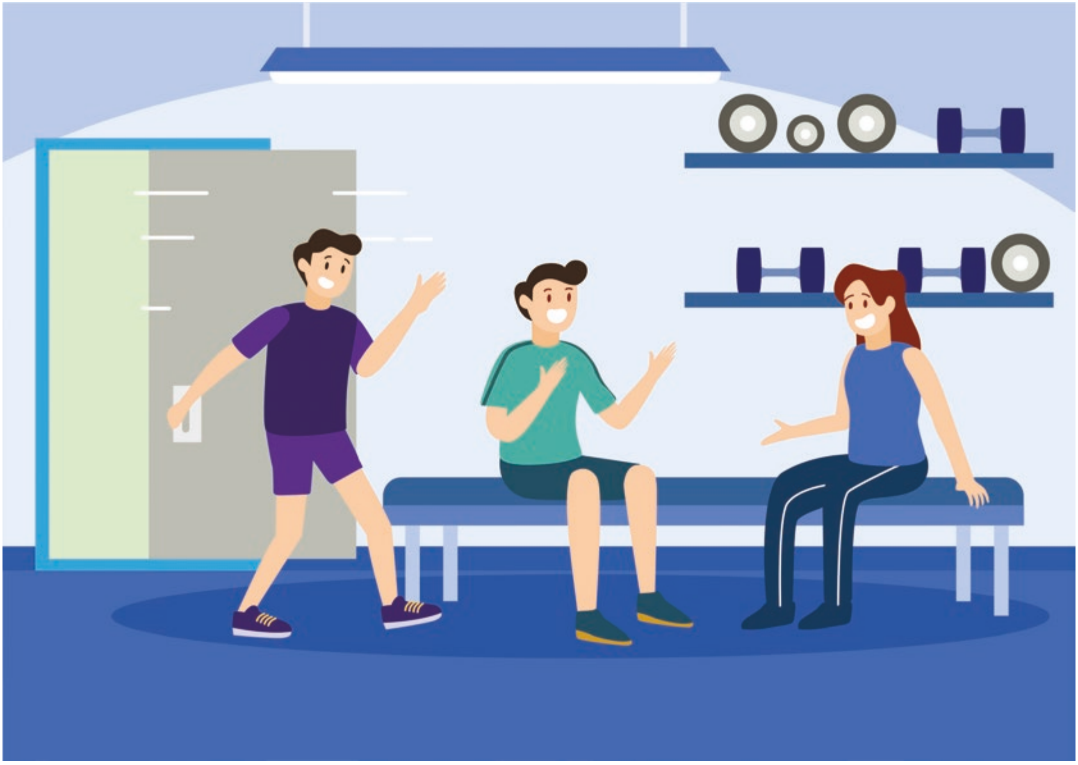

Code arrives late the following week as they have just attended a meeting. The meeting was about considering whether to acquire a small consumer goods manufacturer that makes apple juice. Code initially planned on extending their existing product line, but then came the opportunity to purchase the other company. This is a more natural way for the company to enter the new market. However, Code is concerned about the values and working principles of the brand. Alex reassures Code that it will be fine, that they barely knew each other ten weeks ago, but have now shared experiences and they have shared values. Code feels it is essential that the company is still well positioned after the acquisition. Sam shares their experience in acquiring a brand in a different country, and how it was hard work, but that the work paid off. While Sam and Alex are both excited for Code and feel it will be a worthwhile expansion of the brand, it is important to recognise that choosing to merge with another brand or acquire another brand can be a very difficult decision for a brand. While Code may be positive about the acquisition, the staff of the brand being acquired may have a different perception and even the shareholders may be reluctant. A successful brand merger or acquisition will require an effective brand management strategy to ensure that all stakeholders are listened to and their concerns are addressed. Ultimately the commercial viability of the brand remains important. For both a small brand like Code's and a multinational global brand employing Sam, there are key brand management implications that need to be understood and addressed by all stakeholders.

Overview

To grow the brand, beat the competition and gain more market share, brands may decide to acquire or merge with a competitor brand. In some cases as well, when a brand is no longer profitable, they may be acquired by a bigger and more established brand. The management of this process is critical, as it can influence the success of the merger or acquisition. Brand mergers and acquisitions create multiple brand entities, which are uniquely positioned and directed at a segment. This strategic decision brings the possibility of growth, but can mean streamlining the brand portfolio, reducing the number of brands and making the portfolio more manageable. In this chapter we will explore branding from a holistic perspective, with a focus on brand management. As many brands come together, through merger or acquisition, there is a need to manage these brands and integrate them accordingly. Mergers come with operational and financial challenges, but our focus here is the business challenges. Which is to understand the motivation for mergers, understand the challenges and discuss how to deal with them.

Key Question

How do brands manage the process and aftermath of mergers and acquisitions?

Learning Outcomes

At the conclusion of this chapter, you will be able to

- describe the concepts of brand acquisition, merger and demerger;
- describe the stakeholder brands in mergers and acquisitions;
- recognise the benefits of brand acquisition, merger and demerger;
- give examples of different naming structures for a brand after a merger; and
- explain the brand implications and role of a brand manager in brand mergers and acquisitions.

10.1 Introduction

According to Mergermarket, a leading provider of M&A data and intelligence, there were 19,322 mergers and acquisition deals in 2019 worth US$3.33 trillion. The average size of deals was US$389 million, with a disclosed value which was up from US$353 million in 2018 (Mergermarket 2019). Mergers and acquisitions are a strategic decision that can also be referred to as brand transfer in some cases. Brand mergers and acquisitions create multiple brand entities which are uniquely positioned and directed at a segment.

Mergers or acquisitions can lead to the creation of worldwide companies. It is an important strategic decision of companies aiming to reposition and remain viable (Lee et al. 2011). Some mergers change market dynamics in ways that can lead to higher prices, fewer or lower-quality goods or services, or less innovation and this is the reason they have to be monitored, and in some cases investigated, by regulatory authorities. While mergers may be considered as a business strategy for bigger brands, it is essential to understand that, smaller brands as well are not exempted from merging and the subsequent branding challenges. Advertising agencies and law firms can merge, and even charities can merge. Both big and small brands can try to merge with complementary brands.

As many brands come together and get acquired, there is a need to manage these brands and integrate them accordingly. Hodgson (2017) note that behind every great merger, there is a great merger branding strategy. In this chapter we explore the motivation for mergers/acquisitions, the brand management challenges and how to deal with them.

10.2 Stakeholder Brands in Mergers and Acquisitions

For successful mergers and acquisitions, it is essential to have both parties on board, with a shared interest and willingness for the deal to go through. Four key stakeholders could be involved in mergers and acquisitions processes. They are: the brand that is trying to acquire another brand, the brand being acquired, merged brands, and demerged brands. We will discuss these stakeholder brands below to gain a better understanding of their challenges and the brand management implications.

10.2.1 The Acquiring Brand

This is the brand with the upper hand in the negotiation. This is the brand making a move to acquire (buy) another company. The acquiring brand has a bigger say in the negotiation. They can decide to retrench some brands (of the acquired brand), change the name of the acquired brand or close their operations. Microsoft was the acquiring brand when it bought LinkedIn. Likewise, Google was the acquiring brand when it bought YouTube. The acquiring brand has a strategic reason for making a move to acquire another brand; often, this is to complement their products and services. While it can be assumed that the acquiring brand will be bigger and have more substantial equity, it may not always be the case. Kraft Heinz tried to acquire Unilever, a significantly larger competitor in a proposed £115 billion bid which would have been one of the largest deals in corporate history. Likewise, a smaller and less known brand may decide to buy a bigger brand. Even more so, a newer brand may be willing to acquire more established and older brands. There are various possibilities and motivations for acquiring brands.

10.2.1.1 Reasons for Acquiring

Complement Existing Strength

Often the main reason for a brand to acquire another brand is to complement their existing strength; the acquiring brand wants to retain its position in the market and brings in other brands to help achieve that. MasterCard, a card provider, complemented their existing strength in financial services by acquiring a tech-driven, open banking start-up company, Fincity (a Utah-based fintech open banking firm). Similarly, Visa bought financial services API start-up Plaid. Access Bank, a Nigerian bank, acquired Kenya's Transnational Bank. The top-tier Nigerian bank has operations in seven African countries, and this acquisition further established their presence in new terrain but in the same market.

Sometimes, even when an acquiring brand has failed in an area of the market, they want to acquire a more established brand to strengthen their weak point. After Google's failed attempt with Google Glass, Google acquired North, a pioneer in human-computer interfaces and smart glasses. Rakuten, one of Japan's largest internet companies, acquired Cyprus-based messaging platform and app maker Viber to "become the world's No. 1 Internet services company." Australian job board SEEK also acquired JobStreet, an online employment business with its headquarters in Malaysia.

Extending into another Market

A brand may acquire another brand to enter a new market. Rather than starting a new business or investing in research and development, they may decide to purchase another brand with expertise in that area and that allows the acquiring brand to get a foothold in the new market. For example, with Microsoft's acquisition of LinkedIn, they were able to extend into the social media scene and did not have to worry about starting up a new company. Foreign companies may buy a local company with the objective of entering a new market without investing in building the business from scratch. eBay expanded into the Asian market through its acquisition of Gmarket, Korea's leading online marketplace.

Eliminate Competitor

The acquiring brand may have noticed a competing brand gaining recognition and market share. If this competing brand is left alone, they may become bigger and overtake the acquiring brand. Therefore, to eliminate this competing brand, the acquiring brand decides to acquire it and bring it under their brand portfolio. This suggests that instead of both brands competing, they end up working in synergy to gain a bigger market share. AB InBev, a large brewing and beverage company,

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acquired British multinational competitor SABMiller. Similarly, Ola Cabs in India acquired its smaller rival in the taxi aggregator space, Taxi for Sure. Acquiring to eliminate a competitor may be restricted due to regulatory concerns and the implications for consumers and the market as this can change the market dynamics and leave the consumers with fewer options.

Diversifying Brand Portfolio

Brands can be motivated to acquire another brand in order to diversify their brand portfolio. This acquisition may not necessarily be geared towards entering a new market but towards expanding on what they have already. The acquiring brand can extend its brand portfolio by buying other brands that are closely related to their existing collections. This acquisition fits with the current brand architecture, and the brand can use its existing distribution network and marketing strategy to integrate the new brand. This allows for more sales and revenue with reduced expenses on distribution and marketing. Microsoft acquired both UK-based firm Metaswitch Networks and Affirmed Networks in the same year. These are companies which are 5G-focused, specialising in cloud-based communications software and so it was Microsoft's effort towards diversifying their brand portfolio, expanding their approach to empower operators and partners with network equipment providers and deliver on the promise of 5G. In a push to remain relevant in a smoke-free world, Altria, one of the world's largest producers and marketers of tobacco and cigarettes, acquired a stake in Juul Labs, an electronic cigarette company.

10.2.1.2 Challenges for the Acquiring Brand

Acquiring a brand is not always easy. It is not a guaranteed deal; many acquisitions fail to deliver on their projected benefits because many challenges can inhibit the process. These challenges can come from the shareholders, regulators, or the customers. This section identifies critical problems for acquiring a brand with the intention of expanding the brand portfolio.

Willingness to Be Acquired

What if the brand to be acquired objects to the acquisition? The acquiring brand may be interested in buying the brand, but the brand may not be willing to be acquired. This may be because of possible legal implications (antitrust laws); shareholders feel they are undervalued, or the public interest is not aligned with the acquisition. If there are objections, the acquiring brand may present an improved offer for the shareholders, highlighting structural and organisational changes for the acquired brand. Cadbury workers from across the United Kingdom and Ireland once protested to stop the hostile Kraft acquisition of the brand.

Duplication

While a brand may decide to acquire another brand to complement its existing strengths or to diversify its brand portfolio, there is the possibility of duplications in the brand portfolio. This could be across the same market, consumer group or country. Understanding this challenge ensures an inclusive brand architecture (Uggla 2006) to monitor the type of brands in the portfolio. For example, if a brand owner already has a toothpaste brand in its portfolio and acquires another brand that makes cosmetics but also toothpaste, there will be two toothpaste brands to be managed by the brand. This duplication may cause the brand owner to sell one of the toothpaste brands or discontinue it. This can be a strategic decision that is taken seriously and can be a difficult one. The management needs to decide which brand to stop. In addition to the duplication of brands, there will be duplications of roles, two CEOs, two chairpersons and many other overlaps. Likewise, there will be factory duplication and this may necessitate the need to close some of the factories. These duplications will have strategic implications for the manager who needs to integrate and manage the brands and their assets.

Brand Damage

Acquiring a brand can also damage the acquiring brand. This is crucial in cases where both brands do not share the same values and philosophy. The acquiring brand may think they have a brand they could acquire cheaply and then expand their portfolio, but it can also come with negative baggage and perceptions which may be transferred to the new brand. It is therefore essential for brand managers considering acquiring another brand to ensure there are shared values, and the acquisition of another brand will not bring their brand into disrepute. To compete with Google in the display advertising business and help maximise the digital advertising opportunity, Microsoft purchased Seattle-based advertising technology firm aQuantive for $6.3 billion in cash. It renamed it Microsoft Advertising, and this, however, did not work out as planned. In understanding the reason why, Bilton (2015) posited that advertising was a bad fit for Microsoft's culture and business, as Microsoft, at its heart, is a software company and was never a media company. Google acquired Motorola with the promise of accelerating innovation and consumers getting better phones at lower prices, but they did not live up to their promise. Google had to sell the brand they bought for $12.5 billion in May of 2012, to Chinese PC maker Lenovo for $2.91 billion, 2 years later in 2014. Sterling (2014) noted that Google had to simply cut its loses and make peace with Samsung, its most important Android partner, by no longer being a direct competitor.

One thing to consider here is the fact that, brand damage can lead to loss of customers, dwindling quality, reduced brand trust and brand loyalty (Chung and Kim 2019). Brand damage can be caused by external factors (such as sabotage or intentional misinformation) or internal factors. The latter is the case when the communication of brand values is not coherent, or a company makes strategic mistakes.

Legal and Regulatory Limitations

Legal and regulatory requirements can pose challenges when acquiring a brand. Often this could be in a regulated industry or where the competition might be disrupted, and a monopoly will result. The United States' Federal Trade Commission (FTC) reviewed over a 1000 mergers in a year with the majority filings presenting no competitive issues. The Competition and Markets Authority (CMA) of the United Kingdom will usually investigate acquisitions if the business being taken over has a UK annual turnover of at least £70 million or the combined companies have at least a 25% share of any reasonable market. This is to ensure that the acquisition is fair and not leading to a substantial lessening of competition within any market or markets. Section 7 of the Clayton Act, which defines unethical business practices, prohibits mergers and acquisitions when the effect "may be substantially to lessen competition, or to tend to create a monopoly." The FTC challenged the Edgewell Personal Care Company's proposed $1.37 billion acquisition of its key competitor, Harry's, Inc. The Commission's complaint alleges that the proposed combination would eliminate one of the essential competitive forces in the shaving industry, subsequently, Edgewell terminated its merger agreement with Harry's, Inc. In the United Kingdom, the CMA blocked Sainsbury's acquisition of Asda Group.

10.2.2 The Acquired Brand

This is the brand that has been bought by the acquiring brand. Often, they are smaller and are easily acquired by a bigger brand. Though they may lose their identities, their shareholders and investors are often well compensated. The acquired brand may remain in the market for a while, but after some time, their brand may be integrated into the acquiring brand portfolio. LinkedIn was the acquired brand; YouTube was the acquired brand. These brands were acquired because they have a role to play in the strategic position of the acquiring brand. This, however, is not always the case as the anticipated role of the acquired brand in the acquiring brand portfolio may not be feasible. eBay first bought Skype with the hope of integrating it into their auction, but that did not work. It was later sold to Microsoft. There are, therefore, implications for the managers of an acquired brand as they navigate the acquisition process and hope to remain relevant.

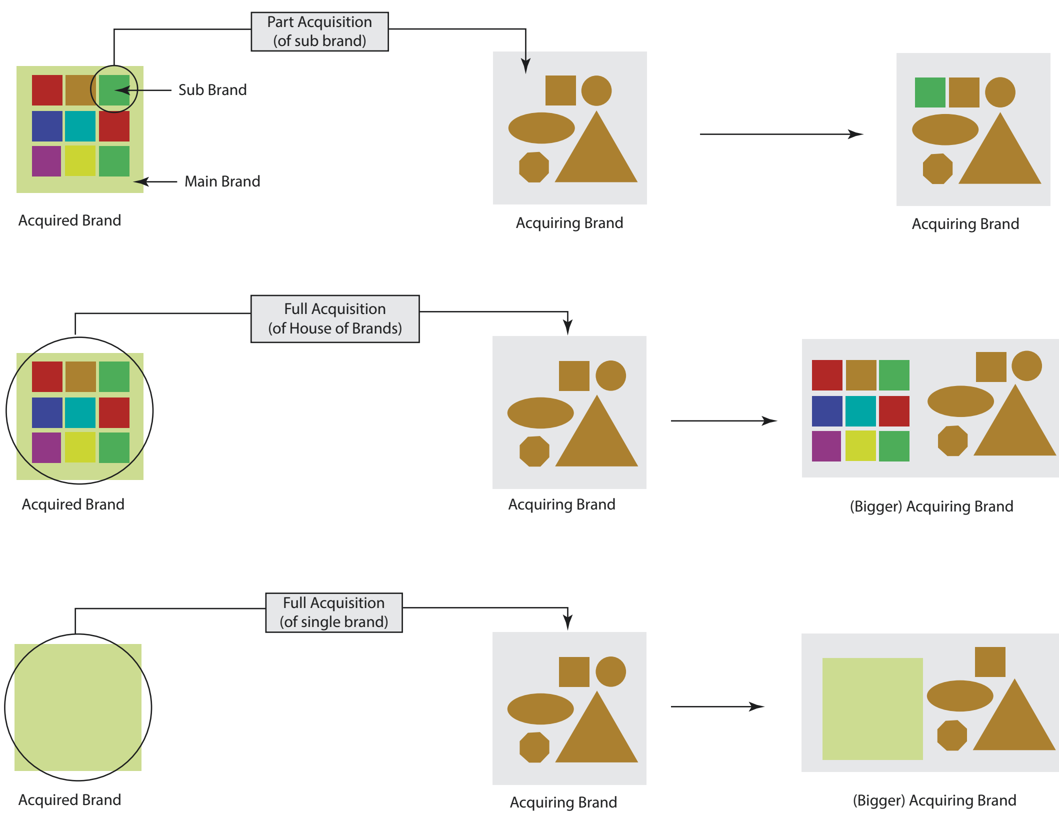
10.2.2.1 Reasons for Selling

There are many reasons for selling a brand, and this decision is not made lightly but it is often strategic, for the positioning of the company. It is important to note that there may be many brands within a brand (we will discuss this in the next chapter under brand architecture).

As illustrated in the figure below, there could be part-acquisition whereby a sub-brand is acquired by the acquiring brand and integrated into their existing portfolio. While GlaxoSmithKline is a big brand on its own with many other sub-brands, it sold off its Horlicks drinks brand in India to Unilever. Also, there are possibilities for full acquisition whereby the whole brand and its sub-brands are bought into the acquiring brand. Smaller, stand-alone brands can be purchased in full by an acquiring brand and integrated with other brands like Facebook did with WhatsApp and Instagram (◘ Fig. 10.1).

Repositioning the Brand

On a positive note, a brand may decide to make a part-acquisition to streamline the brands and make the structure more accessible and manageable. The brand is repositioned when a company decides to change a brand's status in the common marketplace. This typically includes changes to the marketing mix and the 4Ps—price, place, production and promotion. Repositioning is done to keep up with consumer wants and satisfy all their needs. A brand that has acquired many sub-brands over the years and across the world may decide on a strategic direction to focus on one type of product and therefore be willing to sell off some brands, even though they may be doing well. This is an attempt to reposition their brands, and often the acquired brand has a bigger say and can command more value because they are not selling a non-performing brand. They can dictate how much they want and possibly sell to the highest bidder. For



◘ **Fig. 10.1** The acquiring and acquired brand. (*Source*: Author) example, Sainsbury's supermarket sold its pharmacy division with 281 pharmacies to LloydsPharmacy.

Non-performing Brands

A brand may decide to make a part-acquisition in order or let go of a non-performing brand. There may be a sub-brand that is not be adding value to the bigger brand, and therefore the management/brand owners decide to sell it off, perhaps to another company where it may fit in properly. Going the route of part-acquisition may not be an indication of a financial problem with the brand, it is often seen as a way of remaining financially sustainable. The acquiring brand may also be on the lookout for other vulnerable brands that may complement their existing brand structure. Unlike selling a brand with the purpose of repositioning the main brand, selling a non-performing brand may not command much negotiation power as the brand itself is already less valuable.

Financial Difficulties

No doubt, brands can find themselves in financial difficulties, and they need to make important strategic decisions. They may decide to go into administration and go bankrupt which will have a lasting effect on shareholders, customers and suppliers, or to get acquired by another brand (King et al. 2004). The concerns here may be: whether there is any brand willing to acquire the struggling brand; if the acquiring brand is paying the right value for the brand and if the brand is ready to be acquired and to relinquish all rights. Selling the brand may be a better option than going into administration, but the sale price will be quite low.

Legal Expectations

To make sure a brand is not too big after acquisition, the regulatory bodies may instruct the acquiring brand to sell off some of its assets and brands. So these are acquisitions resulting from legal requirements rather than to streamline and position the brand. After the Dow and DuPont merged, they were expected to sell substantial assets, and they further separated into three independent, publicly traded companies: agriculture (Corteva Agriscience), materials science (Dow), and a speciality products company (DuPont). Likewise, when AB InBev, a brewing and beverage company acquired British multinational competitor SABMiller; SABMiller had to sell its stake in the SABMiller and Molson Coors joint venture formed in the United States. This sale means that the market share of AB InBev around the world has been reduced as Molson Coors took full ownership of the Miller brand portfolio outside of the United States.

Global and Political Crisis

Many brands may put themselves up for sale to leave a country while it is still financially possible to do so. This sale may be due to political unrest in the country or changing legislation. The law firm Baker McKenzie predicts that the merger and acquisition activity in the United Kingdom is likely to slip dramatically because of Brexit-induced uncertainty. Considering European laws may not be applicable in the United Kingdom, some corporate organisations may decide to sell their brands to be protected by the right law in the right place. Likewise, in global crises, like the coronavirus pandemic, many brands will no longer be sustainable and may consider selling off (Mogaji 2020). This is not through any fault of their own, but unfortunately, they might want to sell the brand. These vulnerable companies can be acquired at a low price. It is not surprising to see that US lawmakers are planning to introduce a bill that would ban company mergers during the pandemic crisis, stopping companies "taking advantage" of the weakness in the economy to "prey" on smaller and more vulnerable enterprises. The proposed "Pandemic Anti-Monopoly Act" would not allow mergers and acquisitions made by companies and financial organisations with more than US$100 million in revenue or market capitalisation.

10.2.2.2 Challenges of the Acquired Brand

For a brand that is being acquired, there are many challenges for the management team, the staff, customers, shareholders, and regulators. Depending on the type of brand, these challenges may even be more severe.

Stakeholders' Resistance

For a bigger brand, shareholders may present a resistance to the deal. They do not want to lose out and may ask the acquiring brand to increase their offer which they may not want to do and then the plan will fall through. For start-up companies with a smaller team of founders, it might be easy to acquire and make a deal faster. For a charity organisation, the stakeholders and the people they support, the trustee and regulatory bodies may challenge the move, especially if they feel there are better alternatives than being acquired.

Management and Staff

For the management, there is the feeling of not being able to salvage the situation and sustain the brand, mainly if a competitor within the market has acquired it. It can be seen as a losing brand, but this is not always the case as the brand can guarantee its survival by getting acquired. There are also challenges with job losses. This is not just limited to the brand managers working on these different brands, there are also implications for the leadership team who may not get a seat in the acquiring company. Many agencies linked to the acquired brand may also lose their account. Advertising agencies and branding agencies working for this brand may not be able to provide the same services to the brand in the acquired form.

Regulatory Expectations

In the case of a hostile takeover, where the acquiring brand is making a hostile and intensive effort to acquire the brand, the regulatory authority can come on board to investigate the deal and make a decision. Similarly, the regulatory bodies can challenge the acquisition and disrupt the business arrangement, perhaps if they feel the purchase will give too much market control to the acquiring brand. Delays in the merger and acquisition processes can cost both brands a considerable amount of money in human resources managing the deals and on the stock market.

10.2.3 The Merged Brands

Merging is when two brands come together to form a new brand. In this case, both parties have almost equal rights at the negotiation table. They can decide to share things as equally as possible. The arrangement recognises that both brands are valuable and robust, so the negotiation and brand management take a different turn. Importantly, they could also be both weak brands with plans to merge and become a stronger brand. Brand management for merged brands will involve managing the integration of both brands, rejuvenating, and reintegrating the new brand. A merger is not limited to big corporations, start-up companies or agencies, charity organisations can merge to provide better service and streamline their business operations. In 2019, Leuka and Leukaemia UK merged, bringing together two of the United Kingdom's leading leukaemia and blood cancer charities to create one charity dedicated to innovative research and care for people affected by blood cancers.

10.2.3.1 Reasons for Merged Brand

Survival

Many brands on the brink of failure might decide to merge with another brand to guarantee their survival. They may be forced by their shareholders to act and merge with another company to increase their wealth, create more value by delivering cost savings operations and make use of the combined resources. This need to survive could also result from the future leadership direction of the company. For example, a small family business owner who has not been able to identify a suitable successor may decide to merge with another company, then cash out the investment and guarantee the continuation of the legacy. It is, however, essential to carry out due diligence to understand the implications of the merger, especially with regards to financial records and the culture of the organisation.

Synergies

Brands may decide to merge to create a synergy for their business, and they can become stronger when they combine their strength, ensuring their overall performance is more effective, saving costs and making the brands more profitable. For example, two advertising agencies merging can bring in more clients, and they have more work to do and additional resources at their disposal. They can expand their service offering to reach out to more clients. This can also be an effort to reposition the new brand to have a more significant share of the market; they become more recognisable and can influence supply chain management. Kakao Corp, maker of KakaoTalk, South Korea's top messaging service and Daum, one of South Korea's largest Internet portals, merged to create one of South Korea's largest internet companies, making it easier to compete against Naver, South Korea's largest internet portal.

Going Global

Brands can merge to expand their business operations into another market and go global. They can merge with companies in another country to create a much bigger multinational organisation. In November 2013, the Chinese-Australian firm KWM merged with London law firm SJ Berwin to create a $1 billion global business with 30 offices comprising over 2700 lawyers and headquartered in Asia. Such mergers can allow organisations to have access to a global clientele, through many offices and branches around the world, increasing their global market share and brand awareness.

Eliminating Competition

Brands can merge to eliminate competition, the feeling of, why be enemies when we can be friends? They can both come together to position themselves as the leader within the market. This is an effort towards consolidating their businesses and gaining competitive advantage.

10.2.3.2 Challenges for Merged Brands

Resistance from the Shareholders

The resistance from shareholders is often recognised as one of the key challenges of brand mergers, as the shareholders may not be willing to let go of their shares in the company and this may hinder the merger. Often the shareholders may feel they will lose their identity and values when they merge with another brand. They may also feel there is no congruence between the two brands and therefore resist the merger. In most cases, the brands may have to make some financial compromise to make shareholders agree to a deal.

Due Diligence

The merger requires an understanding of the parties and brands involved, and that is why due diligence is carried out. This may involve brand evaluators and brand consultants (as previously discussed in ▶ Chap. 1 under brand management stakeholders). These consultants and the brand owners may have to check the credibility and suitability of the merging brands. The fact that a company is proposing a merger does not mean it will automatically go through. Due diligence involves understanding the business operations, the financial records, customers' perception of the brands, the brand values and equity and if the brands are compatible in terms of strategic vision, culture, and governance. This information is needed to make sure the brands are making the right decision, and possibly to convince the shareholders. In some cases, brands end their merger plan when the results of the due diligence are not convincing.

Regulatory Limitations

Even if the results of the due diligence are convincing and the brands see potential in their merger, the regulatory body might still pose a challenge. Like all mergers and acquisitions that can shape the size and dynamics of the market, the regulatory authority can also hinder a merger when they feel the new brand will be too big and then create a monopoly. The regulatory body may ask the brands to sell off some sub-brands to diversity the market. This regulatory intervention is not limited to companies and corporations. Charity organisations' planned mergers may be scrutinised by the Charity Commission to ensure that the new charity is in the best interests of the organisation and its beneficiaries.

10.2.4 The Demerged Brand

While new brands may be brought into the fold, into the branded houses, some brands may be demerged and removed from the organisation. Brand demerger happens when a business sheds off one of its businesses/brands to enable better management. This is also the business technique wherein a company transfers one or more of its business undertakings to another company. This is a form of corporate restructuring to make the organisation more profitable. The quest to demerge is often based on financial decisions, especially when the brand is no longer financially sustainable (non-performing brand as a reason for brand acquisition), and no one is willing to buy it. So instead of servicing the brand, the business may decide to remove it from the market.

A brand can also be demerged if the customers' interest is declining, and the organisation can no longer invest money in pushing the brand. Many food companies and restaurants have removed some brands and menus from their offering because the products were difficult to source and due to changing consumer behaviours. Subway stopped offering roast beef and rotisserie chicken while McDonald's National Owners Association took all-day breakfast off McDonald's menu permanently.

The Australian airline Qantas separated its international and domestic operations as it looked to restructure its business. The brand's international operations were experiencing a downturn; meanwhile, its domestic operations were growing and enjoying a substantial market share. In 2012, Qantas announced changes to create four business units within the Qantas Group; Qantas International, Qantas Domestic, Jetstar and Frequent Flyer. Three years after the massive restructuring of the business to reduce costs and increase efficiency, the group posted a record underlying profit before tax of AU$1532 million.

Some brands may be expected to demerge and break up the business into a small and manageable brand for regulatory reasons. This demerging could either be for the brand to function on its own, to be sold or liquidated. For example, a local company could demerge from a parent multinational enterprise (MNE) to function as an independent company in the country. Openreach used to be a functional division of British Telecom (BT). It maintains the telephone cables and connects nearly all homes and businesses in the United Kingdom to the national broadband and telephone network. Being part of BT, the arrangement was considered a monopoly for BT, and it hinders competition and opportunities for other providers. The UK telecoms regulator, Ofcom had to mandate BT to separate Openreach and make it a legal entity and separate from its parent with its own independent identity, employees and board which could be regulated by Ofcom. Openreach Limited is now wholly owned by BT plc's parent holding company, BT Group plc. This arrangement is like allowing a sub-brand to move out of the branded house and stand-alone as another brand (These concepts will be discussed more in the next chapter). As of 2020, BT is now considering selling the debranded Openreach.

Demerging has its challenges, especially for shareholders who may be losing on their investment, staff who may be laid off and customers who may no longer see and enjoy their favourite brand. Brand managers will have to engage with stakeholders and effectively communicate the brand's action.

◘ Table 10.1 presents a summary of the stakeholder brands in mergers and acquisitions.

Table 10.1 Summary of the stakeholder brands in mergers and acquisitions

Questions	Acquiring brand	Acquired brand	Merged brands	Demerged brands
Description	Bigger brand going out to buy a smaller brand	Smaller brands being bought by a bigger brand	Almost the same sized brands coming together to be a bigger brand	Bigger brand splitting and or removing a brand from its portfolio
Motive	*Why acquire another brand?* To complement existing strength To extend into another market To eliminate a competitor To diversify the brand portfolio	*Why get acquired?* To perform better on a larger platform Financial resources Dwindling market share Dwindling brand equity	*Why merge?* To gain bigger market share. Customer and vendor consolidation To avoid being acquired Synergy and value creation To revitalise brands	*Why demerge?* To restructure the brand To remove non-performing brands To acquire a new brand that fits To avoid being acquired For regulatory reasons
Challenges	No willingness to sell Duplication Brand damage Perception as a hostile takeover	No willingness to sell Poor valuation Resistance (staff, shareholders and regulators)	Incongruent values Duplication Conflicting objectives Resistance (staff, shareholders and regulators) Ratio of mergers	How to divide Management of the division Brand damage Which brand to let go
Brand management implications	Integrating into the brand portfolio Duplicates Brand awareness Brand architecture Consumers' perception Ownership of brand assets, including patents and trademark	Loss of brand identity Loss of brand Loss of brand management team Consumers' perception. Transfer of brand assets including patents and trademark	Business and brand synergy Brand management Brand identity Brand architecture Brand philosophy	Restructuring into different brands Management of different brands Brand identities

10

Case Study 10.1

Odwalla is a beverage brand, which has been in business for over 40 years but was acquired by the Coca-Cola Company for US$181 million in 2001 as part of Coca-Cola's push into the non-carbonated premium drink market. Odwalla became a wholly owned subsidiary of the Coca-Cola Company. However, in July 2020, it was announced that the brand would be discontinued. Citing changing consumer tastes, increased competition in the bottled smoothie and juice space, and the impact of the coronavirus pandemic, it made business sense to discontinue brands no longer profitable to the company. Coca-Cola CEO James Quincey said smaller brands that account for over half of the company's portfolio, only generate around 2% of its revenue. Coca-Cola plans to discontinue more brands as they streamline their business to ensure future sustainability.

Reflective Questions

- Do you think it was a good business decision for Coca-Cola company to debrand Odwalla?
- Would you expect another brand to buy Odwalla?

10.3 Brand Management Implications

It is essential to recognise that there are brand management implications when brands are acquired. The brand owners and the brand manager have a role to play in the success of brand mergers (see the section on key stakeholders in ▶ Chap. 1). The brand manager working with the acquiring brand has the responsibility to make sure they make an informed business decision, to understand how the acquired brand will fit into the existing framework and the practical changes that need to be made.

10.3.1 Questioning the Decision

As a brand manager, you may be on different sides of the table at any time. Yesterday, you may have been acquiring a brand, today you are merging with another brand and tomorrow you may be acquired. You may be the brand owner, responsible for the direction of the company or perhaps you are a brand consultant working on a merger and acquisition. In whichever position you find yourself, it is always important to question the decision. To evaluate, from a branding perspective, if it is worth it. This questioning may depend on your role and involvement. A manager at SABMiller may not have as much decision-making power as the Chief Marketing Officer when discussing the AB InBev acquisition.

It is important to evaluate the options, to understand if there is a coherence between the brands – to examine if the brands have shared values before they are merged. You must maintain your position which requires you to ask and check if due diligence has been carried out. Questions should also be asked about the trademark registration and the transfer of brand ownership, perhaps if the rebranding can be done in-house or you need a consulting agency. What are the project plans, milestones and who are the identified individuals to lead the overall process?

10.3.2 Brand Leadership

The leadership of a brand after a merger or an acquisition is an essential brand management consideration. Who will lead the new brand? Who will leave? Following the idea of CEOs as brand custodians, Erdoğmuş and Esen (2018), argue that it becomes essential to understand who will lead the new venture. When PSA, the French multinational manufacturer of automobiles merged with Fiat Chrysler Automobiles, Carlos Tavares, chief executive of PSA became the chief executive of the new company, while the Fiat chair, John Elkann became its chair. Often it might be the CEO of the acquiring brand taking over the leadership, but in the case of a merger, it might take a different direction.

10.3.3 Brand Organisation and Architecture

Having a new brand in the business presents a challenge for brand managers, especially with regards to the organisation of the business' brand portfolio. It becomes essential to understand how the acquired brands fit into the brand portfolio to avoid any negative spill over (Lei et al. 2008). In the case of mergers, it is necessary to look at how those brands relate to each other. While there might be duplications as earlier discussed, the brand manager needs to decide which brand takes priority and which brands need to be withdrawn. This also presents a key implication for brand marketing and budgeting.

10.3.4 Brand Communication

Communicating with stakeholders is essential during and after brand mergers or acquisitions, creating a coherent perception of the brand in the minds of its various stakeholders (Einwiller and Will 2002). There will be concerns shared by the staff, customers, competitors and even the regulators. The brand manager needs to ensure that all the stakeholders are carried along. It is not surprising to see companies writing blog posts to explain and share the merger news with their customers and staff. These communications also involve brand integration and advertisement to ensure that people are aware of the new brand. It is necessary to create new brand guidelines and ensure that all stakeholders adhere to them (Mogaji 2019).

10.3.5 Brand Name and Identity

Depending on the arrangements, there is likely to be a need for a new identity. The brand identity may involve choosing a new name, creating a new logo, designing a new website, and changing the staff's uniform. The acquiring brand may decide to change the identity of the acquired brand(s) to reflect the integration into the new brand architecture (Gaustad et al. 2019). For a merger, there may be a reasonable need to retain one of the reliable brands or create a new brand and identity altogether. With regards to local/international brands, sometimes it might be better off to retain the local name rather than integrating it with the parent brand. The local brand might be a legacy that is best kept that way. Consumers may be emotionally connected to these brands. The following are some examples of brand naming options.

10.3.5.1 Staying the Same

This is when there are no changes to the name and identity of all the brands involved in the merger or acquisition. The acquiring brand decides to retain the name and visual identity of the brand even though it now exists within the acquired brand's portfolio. This can sometimes be done to keep the emotional attachment and connection with the old brand name. This type of naming arrangement leads to a brand relationship spectrum described as House of Brands (Aaker and Joachimsthaler 2000). For example, there are many brands, each with its own identity under the P&G brand.

10.3.5.2 The Fusion

This naming strategy appeals more to brands coming together and blending and strategically fusing their identity. Remember, brand identity includes the name and visual elements like the icon, colour, and typeface of the logo. Here the brands have different options to choose from with regards to their new brand identity. The figure below illustrates four possible options.

Straight Combo

This is when both brands combine their names. Often this is the standard way to merge, and it can be varied with the use of colour and typesetting. An example is the merger between Exxon and Mobil to form ExxonMobil. In some cases, the new brand might use the colour of one of the brands while using the name of another.

Refreshed Fusion

With a successful merger, both companies may decide to have a new identity for their merger. While the name may be retained or blended, the visual elements in terms of colours, typesetting and icons are changed. The new brand can create and integrate a new identity as they move on with the brand. This is done to ensure no sense of entitlement from either of the brands or their former customers.

Hybrid Fusion

Unlike the combo which involves using both names, hybrid fusion allows the use of different elements from the brands. This could mean using the name of one brand and using the icon of another brand. Standard Trust Bank acquired United Bank of Africa in Nigeria, the new brand retained the name United Bank of Africa but used the red colour and icon of STB. Likewise, when Boeing Co., the world's largest commercial aircraft maker acquired its long-time rival, McDonnell Douglas Corp, in 1996, the new company used the Boeing name but adopted the icon of McDonnell Douglas.

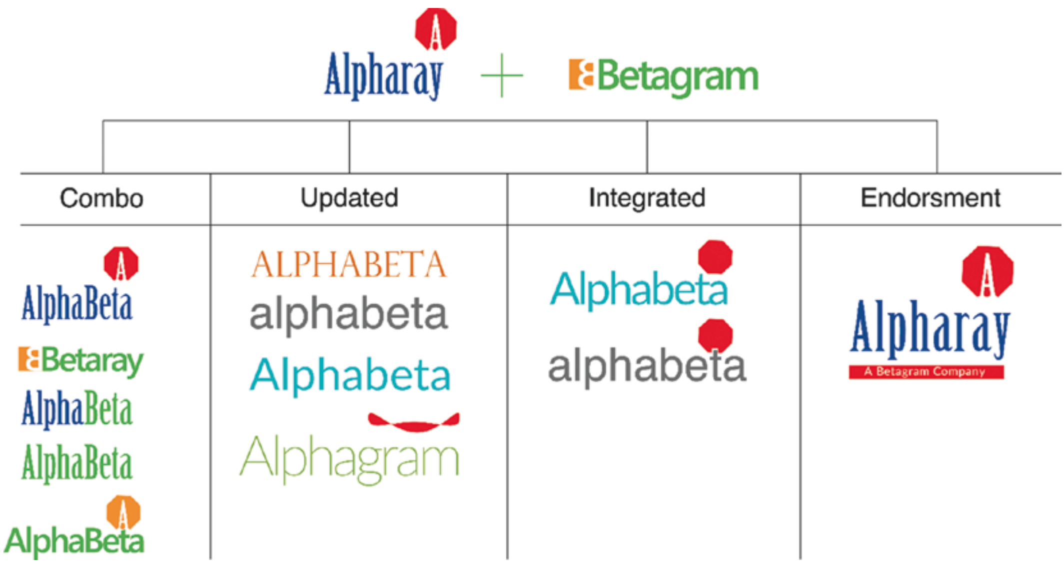


Fig. 10.2 The fusion brand naming and identity. (*Source*: Author)

Endorsed Fusion

The parent company, most likely the acquiring brand, endorses the acquired brand while still retaining the names. Often the acquiring brand will put "an XXXX company" under the logo to indicate it is part of the group. Aruba, a networking solutions company, acquired by HP, was rebranded to include "a Hewlett Packard Enterprises company" on the logo. This endorsement strategy allows the acquired brand to enjoy the goodwill of the acquiring brand, and the acquiring brand can indicate its ownership (Fig. 10.2).

10.3.5.3 Stronger Brand

This naming strategy suggests that the stronger brand is in the driving seat of the identity for the new brand. Perhaps in the case of a merger, the strong brand's name is retained while the other brand is removed from the new identity. The decision will have to be based on the existing brand heritage, brand awareness, customers' knowledge and possibly the customer base size.

Standard

This is the basic form of the stronger brand naming strategy. When two brands come together or a brand is acquired, the stronger brand's name is retained. A common example was when DHL acquired Airborne Express in 2003, and the Airborne logo was not in any way integrated into the new DHL logo as the stronger brand (DHL) retained its name and identity. Likewise, when Leuka and Leukaemia UK merged, bringing together two of the United Kingdom's leading leukaemia and blood cancer charities to create one charity, the brand identity of the stronger of the two, Leukaemia UK, was retained. Pharmaceutical giants Pfizer and Allergan merged to form the world's biggest drug company by sales, but the Pfizer name, which was the stronger brand was kept.

Reverse

While it may be considered standard for the acquiring brand to retain its identity, there is the possibility that the acquired brand may have its identities adopted instead. This may be because the acquired brand is well recognised and vibrant enough to appeal to the target audience. This could also be an opportunity to refresh the new brand while highlighting its values and heritage.

Updated

Mergers can present an opportunity to refresh and update the brand identity. While the strong brand's name might be retained, it could also be updated to signify a new direction for the brand. DuPont merged with Dow in 2017 and rebranded afterwards with an updated logo and identity.

10.3.5.4 New Brand

This is at the end of the brand naming strategy; it can be the most aggressive option for branding after mergers or acquisitions as it creates a new brand entirely. Deutsche Telekom and France Télécom merged their respective UK ventures T-Mobile UK and Orange UK to form a new brand called Everything Everywhere which was later rebranded to EE. Adopting a new brand could signify an intention to start again and appeal to a broader audience with new marketing communications.

10.3.6 Financial Implications

Mergers and acquisitions are not cheap, and there are substantial financial implications. These are brand orientation decisions with considerable impact on financial performance. (Gromark and Melin 2011). The internal human resources and professional consultants/advisors, time, techniques that are required to make the merger process a success, the financial cost of developing a new identity, rebranding the organisation and creating awareness about the new brand all require a lot of money and investment (Stuart and Muzellec 2004). It is not surprising to see many brands do not change their identity immediately after merging or acquisition. McKesson Corporation acquired Celesio AG in 2014, but the leading healthcare provider continued to operate in the United Kingdom under its existing brand name until 2018 when Celesio UK changed its name to McKesson UK.

10.4 Conclusion

Brands will always continue to merge and acquire many others to ensure their sustainability, strengthen their market hold and strive for survival (Bhattacharyya 2019). Your brand may be acquired, making your role as a brand manager precarious, or on the other hand your brand could acquire another brand. These are the dynamics of the industry, and this presents a huge implication for the managers.

It is essential to understand what to expect in times of merger and acquisition. It is also important to ask the right questions to ensure that the business arrangement is made in the best interests of every stakeholder (Alvarez-González and Otero-Neira 2019; Mogaji and Danbury 2017). There will be a need to ensure that the new brand is well integrated and communicated to everyone and an ongoing need to manage the brands and their integration. Kakao and Daum merged in South Korea, the new company was renamed Daum Kakao but later adopted Kakao. The successful merger or acquisition is not the end of the job for a brand manager, for some time more, it will be essential to understand and evaluate how the brand emerges after the merger.

Rebranding and changing the brand identity will be a significant task, especially in the case of a merger. We have discussed the different naming strategies, ultimately the management must decide on which approach to adopt. It is also essential to understand that branding is not limited to big corporations; the understanding of these dynamics is also relevant when smaller brands are merging (Mogaji et al. 2020). Scrutinising the deal with the knowledge of its long- and short-term branding implications is essential for the brand manager and the concerned brands.

Key Points

- Brands can seek to acquire another brand because they want to complement their existing strength, extend into another market or diversify their portfolio.
- Brands can be acquired because they are facing financial difficulties, non-performing or because of legal expectations.
- A brand can merge to complement their strengths and position themselves to compete for a bigger share of the market.

- Brands can be demerged. This is often a restructuring strategy to shed non-performing brands that could not be sold or merged.
- Brand managers have a role to play in effectively communicating the new brand and managing the new brand and its integration into the existing portfolio.

▶ Student Activities

1. Why do you think a brand should acquire another brand?
2. What are the differences between brand merger and demerger?
3. What is the implication of selecting a CEO to lead the new brand?
4. How would you describe the role of shareholders in brand merging and acquisition?
5. Should charity organisations merge?
6. Discuss the possibilities of merging to go global.
7. What are the benefits of brand merger over acquisition? Would you advise a small, struggling brand to merge with another smaller brand, or would you recommend acquisition?
8. What would you consider as factors that can make a merger or acquisition fail?
9. What is the role of brand manager in an organisation that is being acquired?
10. What are the key brand name selection considerations for the new brand after the merger? ◀

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Brand Architecture

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Code has a lot on their mind while they are exercising on the treadmill. With the new acquisition in place, Code needs to assure the integration of the new product brand. Should they change the name of the acquired apple juice brand? What about a new brand identity for the fruit product lines? All these questions are bothering them. Code shares the questions with Sam in the hope of some guidance. They suggest the need for brand architecture that looks at how the brands are related. Sam gives an example: if new gym equipment is being bought for the gym, the managers need to know the size and other dimensions in order to know where it can fit. Likewise, Code must understand the new brand and identify how it can fit into the existing structure. Brand architecture is another brand management concept that is worth considering because it helps brand managers to plan to include different brands in their portfolio. Though it may be more applicable to Code as they plan on integrating the newly acquired apple juice or Sam's multinational brands that may have acquired many brands, smaller brands like Alex's charity need to also consider brand architecture. Even though they may not be planning for extension or acquisition, laying down a plan is important. Brand architecture allows for future brand expansion plans, brand portfolio evaluation and brand relationships.

Overview

Brand extension, mergers and acquisitions extend the product line of a brand. There are many brands now operating under a big brand umbrella. It is now essential for the brand manager to arrange new brands and structure them for effective administration and control. This may involve employing more people, perhaps different brand managers for each product line. In this chapter we will explore these arrangements with master brands and sub-brands, to understand their architecture and use different case studies and examples to illustrate the different types of brand architecture that are available. Importantly, we will look at the essence of having a brand identity. Even though brand architecture may be more relevant for established brands, this knowledge will be essential for emerging smaller brands which are considering brand extension and acquisitions, to help them plan and identify how they want to structure their sub-brands.

Key Question

With a different product and line extension, how can the brand become more structured?

Learning Outcomes

At the conclusion of this chapter, you will be able to

- describe the concept of brand architecture;
- give examples of different types of brand architecture;
- describe the concept of a brand architecture audit;
- describe when brands can consider brand architecture;
- recognise the importance of brand architecture; and
- explain the brand implications and role of a brand manager in brand architecture design and development.

11

11.1 Introduction

With multiple mergers and acquisitions, a brand can grow the number of sub-brands in its portfolio (Alvarez-González and Otero-Neira 2019; Bhattacharyya 2019). As explained in the last chapter, mergers and acquisitions can lead to multiple and duplicated brands. Therefore, it becomes essential to identify these brands and understand how they relate to each other (Chung and Kim 2019). It is like doing an audit to know the number of apps you have on your smartphone screen and trying to group them in a folder based on their colours. You have the blue colour of Twitter, Facebook, Messenger and Skype, the red colour of YouTube, Pinterest, Target and Chrome and the green colour of WhatsApp, Starbucks and Spotify. Every time you download a new app, you want to find a colour folder that it fits into. Brands try to arrange their brands in a way they can easily recognise and manage.

Brand architecture is an organising structure of the brand portfolio that specifies brand roles and the nature of relationships between brands (Aaker and Joachimsthaler 2000, p. 8). It illustrates the relationship between brands within an organisation and how they interact with one another and are differentiated from one another. The brand architecture is how the master brand and sub-brands relate to and support each other. It offers a map that illustrates the connection between the brands.

Key points to note at this stage are that brand architecture may be more relevant for a brand with many sub-brands. That is a brand that has expanded its product line ("Brand Extension," ► Chap. 9) or a brand that has merged and acquired many other brands ("Brand Mergers and Acquisitions," ► Chap. 10). These big brands are called master brands. They are the likes of Alphabet (which owns Google, YouTube and Android), P&G (which owns Gillette and Pringles) and Unilever (which owns Knorr and Dove). These master brands are often a product of mergers, acquisitions and extensions. They have grown so big that they have many sub-brands and even many sub-sub brands. You can consider the brand architecture as a family tree, a family genealogy with grandparents and parents with children. For example, Mondelez International, the cookie and cracker manufacturing company is the master brand for Cadbury, which was acquired in 2010. Cadbury then has Dairy Milk as a sub-brand. Then Dairy Milk Caramel is a sub-brand of Dairy Milk:

Mondelez > Cadbury > Dairy Milk > Dairy Milk Caramel

As with a family, the relationship that exists between grandparent and parent may not be the same as that between the parent and children, and this suggests that different brand arrangements occur between these master brands and sub-brands. As you can see from the illustration above, there is no visual evidence of a link between Mondelez and Cadbury unlike between Cadbury, Dairy Milk and Dairy Milk Caramel, where you can see Cadbury's name integrated along with all the sub-brands. The essential thing is to understand how these brands relate within the family hierarchy, making it easier for the brands and their managers to effectively manage them and also for consumers to be more aware of options and what the brand is offering.

11.2 The Need for Brand Architecture

Two key motivations for a brand architecture can be identified, and they both relate to expansion. Expansion to create more brands brings the need to have a plan, the need to have an arrangement and a structure (Kheilnejad et al. 2020; Strebinger 2004).

11.2.1 Inward Expansion

This is often the very beginning of growth. The main/single brand becomes a master by extending their product line to increase their profit and reach out to a wider audience. This is when Allure Beauty, a press-on nail maker, starts making eyelashes and wigs. So, from Allure Nails, which is the main brand, we now have Allure Lashes and Allure Wig. This is organic growth for the brand. Allure moves from being the main brand now to a master brand with many sub-brands. Likewise, with Cadbury making Dairy Milk and putting its name on it. Apple, as well, had mainly been growing through inward expansion, from iPhone to iPad and Apple Watch. These were their innovations. This is inward expansion when the brand takes ownership and is responsible for the growth of the brand through their line and category extension.

11.2.2 Outward Expansion

As we saw in the previous chapter, brands can grow more significantly by merging and acquiring, and this is a form of outward expansion. The brand becomes bigger by exploring outside opportunities, beyond its line and category extension. This is when the brand brings other sub-brands into its portfolio (through mergers and acquisitions) and then has the challenge of finding how to fit all these brands together. Kraft food (now Mondelez) acquired Cadbury (with all its sub-brands) and the master brand. While the brands may be able to control and monitor their level of growth internally, there are inherent challenges in outward expansion, and this often affects the brand architecture. For example, with an internal expansion, decisions have been made on the type of expansion, the brand identity and possibly the manufacturing or licensing arrangement. This may not be the case in the outward expansion, especially when the acquired brands include brands that compete with the acquiring brand.

Case Study 11.1: Nestlé Brand Extension and Architecture

There are many reasons for brands to extend their product lines. They can expand internally through line extensions where they control the growth and progress or through external extension, which could be through acquisitions, licensing or franchising. The acquiring brands may not have much control in the second case, unlike for a brand they have created. This acquisition presents enormous challenges for brand managers. While growth and expansion are essential, it is necessary to update and redevelop the brand architecture, highlighting the relationships between these brands.

Nestlé is a Swiss multinational food and drink processing conglomerate corporation. With more than 2000 brands, it is the largest food company in the world. The brand has not become this size solely through research, development and innovation (internal expansion), they have also relied on different acquisitions around the world (external expansion). They have brought many brands. Starting from Maggi, which was acquired in 1947, Carnation acquired in 1984, bringing evaporated milk, Coffee-Mate and Friskies to Nestlé, and Rowntree Mackintosh acquired in 1988, bringing Kit Kat, Smarties and Aero to the brand portfolio.

They have also tried to expand internally by increasing their product line. As a form of internal expansion, Nestlé pioneered the premium portioned coffee segment by launching Nespresso in 1986, providing a range of quality sustainable coffees, innovative machines and exclusive, personalised services. They also launched Garden Gourmet in 2018. This is a new plant-based range to meet the booming demand for alternatives to meat. Expert chefs and nutritionists developed this product in Nestlé with a range of 12 plant-based products including meat-free burgers and mince. This is a company over 150 years old, still trying to expand internally, creating products for a growing market.

Brands will always aspire to grow. The vital point at this stage is to recognise the growth and put structures in place for effective management. Therefore, as the brand intends to develop and work towards maintaining their growth, it should be of concern to the brand manager to ensure that the brand does not bite off more than it can chew by acquiring brands or extending into product lines that will not benefit or boost the image of the company in the long run.

Reflective Questions

- Do you think it is easier for Nestlé brand managers to develop a brand architecture for products from an internal expansion? What are your reasons for your answer?
- With so many acquisitions, what are the challenges for Nestlé brand managers in managing the acquired brands?
- Considering Nestlé is initially known for milk products, how would you situate Garden Gourmet within the existing brands of Nestlé?
- Garden Gourmet is targeted towards those who are interested in eating less meat and more plant-based protein; Coffee-Mate and Nespresso targeted to those who like coffee; and Bakers Complete, the United Kingdom's number 1 complete dry dog food, targeted towards dog lovers. Do you think Nestlé brands should be grouped according to the targeted customers?

11

11.3 Types of Brand Architecture

In discussing brand architecture, you need to understand two constructs—first, the master brand, which is the leading brand and often the name of the organisation and second, the sub-brand which has been created or acquired by the master brand. Apple is a master brand, while iPhone is a sub-brand. According to Aaker and Joachimsthaler (2000), there are four main types of a brand relationship when discussing brand architecture challenges. They are House of Brands, Endorsed, Sub-brands and Branded House. Take note of the distinction between sub-brand as a form of brand extension (as discussed in ► Chap. 10) and sub-brand as a type of brand architecture/brand relationship.

11.3.1 House of Brands

As it implies, this is a house full of many brands. Like a family house where everyone has a different name, wears what they like and the parent watches in the background. A house of brand relationship is when sub-brands have their own unique identity and do not share the identity of the master brand. The master brand is often not seen. It is hidden in the background. Many consumers will know about the sub-brands but may not know about the master brand. Usually, this arrangement suits big brands that have acquired many other brands and do not want to go through the stress of rebranding. It also allows the brand to reach a diverse market, geographical locations and audiences with a collection of products and services. Furthermore, such arrangements help the master brand to capitalise on the sentiment of the sub-brands users.

A common example is P&G which has one of the strongest portfolios of trusted, quality, leadership brands, including Always®, Ambi Pur®, Ariel®, Braun®, Fairy®, Febreze®, Flash®, Gillette® and Head & Shoulders® with operations in approximately 70 countries worldwide. P&G acquired Gillette in 2005 but instead of making any unnecessary changes to the brand identity, it was brought into the fold just as it was. This often saves the master brand the cost of rebranding upon mergers, and it also builds on the existing brand awareness of the brand before the acquisition.

Recognising that managing these sub-brands within a branded house may be becoming cumbersome, these master brands are, therefore, further grouping their sub-brands into industry-based sectors. P&G has Beauty, Hair and Personal Care, Baby, Feminine and Family Care, Fabric and Home Care and Health and Grooming. Mondelez, the master brand of Cadbury has Gum and Candy, Biscuits and Cookies, Chocolates, Beverages and Meals. This indicates that when a new brand is acquired, its location within the portfolio is known. Even though the brand identity and logo are not changed, upon acquisition, they are easily placed within a sector.

There are advertising and marketing implications for this type of brand architecture especially as it appears they are managing independent brands and therefore independent marketing campaigns. The master brands have to communicate the different brands almost simultaneously towards different customers in different locations. Effectively managing each brand could be a challenge. Each of these brand sectors is expected to have brand managers. For example, the brand manager for beverages and meals at Mondelez will be responsible for Bournvita and Tang (Fig. 11.1).

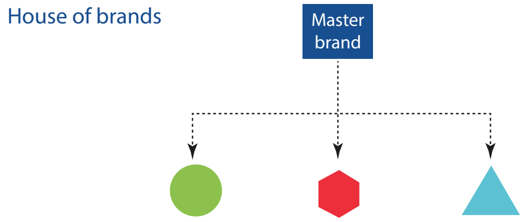


Fig. 11.1 House of brands. (*Source*: Author)

11.3.2 Endorsed Brands

This is when the master brand is present on the brand identity but often in the background. The endorsed brand has its own brand identity, and it can stand alone but has the master brand's endorsement. Customers can still recognise the master brand even when they are more conversant with the sub-brand. Interestingly, the strength and positive attitude towards the endorsing master brand boosts acceptance of the sub-brand. Cadbury has an excellent example with Dairy Milk, even though Dairy Milk can stand on its own as a brand, it enjoys the presence of Cadbury, likewise Kit Kat with Nestlé and Digestive and Rich Tea with McVitie's. As seen with these examples, the master brands in this case (Cadbury, Nestlé and McVitie's) are subtly included above the name of the sub-brand. This does not mean it must be on top, and it can also be below the sub-brand's name as seen with Aruba, with HP's endorsement and on the side with Ayco, a Goldman Sachs Company.

In terms of the size and emphasis, the master brand is in the background (take note of this compared to sub-brands (as a brand relationship) which will be subsequently discussed). The sub-brands gain from the goodwill of the master brand. There are also benefits of cross-selling as the marketing activities of the master brand (Cadbury) can have a positive spill over effect on the sub-brand (Dairy Milk). Just like going to play sport and your parent, who is a celebrity, is cheering from the sidelines. People can recognise your parent; they like them, and because of that, they are more likely to engage with you (Fig. 11.2).

11.3.3 Sub-Brands

These can be deemed the opposite of an endorsed brand. Instead of the parent supporting you from the sidelines, they are the one playing the sport. Sub-brands build on the idea

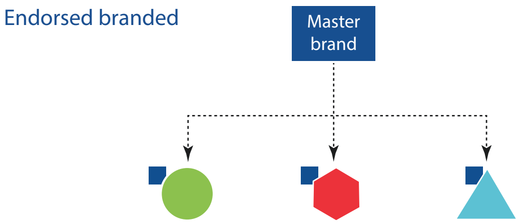


Fig. 11.2 Endorsed brands. (*Source*: Author)

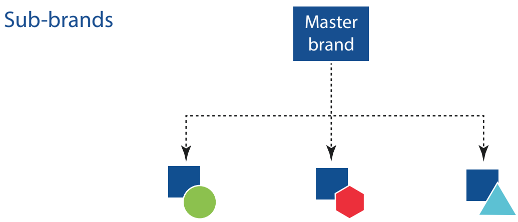


Fig. 11.3 Sub-brands. (*Source*: Author)

of the endorsed brands, but instead, the master brand takes more prominence and allows the sub-brands to be associated with it. An excellent example is Gillette. Although it's now a sub-brand of P&G (the master brand), it was once a master brand before being acquired. Even after its acquisition and being brought into the fold of P&G, it has not lost that master/sub-brand relationship with its sub-brands. Here the Gillette brand as the master brand is very prominent, the sub-brands (Fusion 5 Proglide, Fusion 5) are subordinate. (This is unlike an endorsed brand where the master brand plays a minimal role.) Other examples are Nescafe with its sub-brands and Apple and Apple Watch (Fig. 11.3).

11.3.4 Branded House

If you imagine a branded house, it's a place where every occupant wears the same clothes. This brand relationship structure is when all the sub-brands share the same identity with the master brand. They may be differentiated by design and typography of their names, but all sub-brands are subordinate to the master brand. An excellent example is where all the sub-brands share the same design, including fonts and arrangement. There are even brand guidelines which highlight the position of the sub-brands. A qualifier/sub-brand name or colour explains precisely what that sub-brand does and differentiates it from other sub-brands. As with FedEx illustrated below, the colour of the "Ex" highlights the difference between the sub-brands. This strategy gives a consistent experience to the customers. They see the Qantas brand and can easily recognise its subsidiaries; it, therefore, minimises confusion and builds value for the brand. So, having the same identity and philosophy will make the brand be easily recognised by people and other brands.

This arrangement builds on established customer loyalty towards the master brand, and it allows subsequent brands to fit into the existing structure easily. That means even an acquired brand can be quickly rebranded to fit the style. From a marketing perspective, advertising spending can offer a spill over effect, at every mention of FedEx, all other sub-brands benefit. This saves the brand from specifically marketing all the sub-brands. Likewise, bad press or a negative attitude towards the master brand can affect all the other sub-brands; none of the sub-brands will be immune from the impact on the master brand. Brand managers, however, need to be mindful of how wide the branded house will be stretched to avoid dilution. You can just be having your name on everything. Cadbury once has a Smash Instant Mashed Potatoes, Amazon has Amazon Fire Phone, and Virgin had their name on a Water Filtration System while Coca Cola once had a fashion line in the 1980s. These extensions into unrelated market spaces make the brand feel more irrelevant. Brand managers are therefore expected to be mindful of how wide they extend their brand. The fact that the brand is well known is not enough justification for it to be spread across multiple categories (Fig. 11.4).

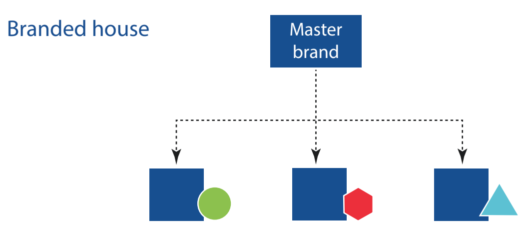


Fig. 11.4 Branded house. (*Source*: Author)

11.4 Other Brand Relationship Key Considerations

11.4.1 Hybrid Brand

It is essential to recognise that there may be variations to these brand relationships; for example, there is the hybrid brand where the master brand is also a sub-brand within the structure. An example is Coca-Cola, though that is the master brand, it has sub-brands like Sprite and Fanta. Google was also operating on this hybrid structure before its integration into Alphabet. There was Google as a master brand and Google as a sub-brand, Google scholars and Google AdWords.

11.4.2 Same Brand Family, Different Brand Structure

There may be a different relationship between the leading brands and many of the sub-brands. This is often because of the various brand acquisitions and mergers to externally extend the brands. Therefore, one brand architecture might not fit correctly for all the brands. Going by the example of Mondelez > Cadbury > Dairy Milk > Dairy Milk Caramel, the relationship between Mondelez and Cadbury is *House of Brands*, where Cadbury is part of many brands under Mondelez, Cadbury has its own identity and can stand without the endorsement of Mondelez. On the other hand, the relationship between Cadbury and Dairy Milk is in the *Endorsed brands* category. Here we see the Cadbury name slightly on top of Dairy Milk. Dairy milk is more prominent and relying on the endorsement of Cadbury. Meanwhile, the arrangement between Dairy Milk and Dairy Milk Caramel is *Sub-brands* as the Dairy Milk brand is very much visible like the Caramel. This highlights how a business, like Mondelez, can have different structures within its portfolio (Fig. 11.5).

11.4.3 Brand Co-creation and Congruence

The fact that one sub-brand is successful is not an indication that it can be used to enhance the equity of another one. They may be the same brand family and not necessarily work together. For example, the success of Gillette as a brand is not a guarantee that consumers will accept Gillette battery as it can be confusing and incongruent with customers' expectations. Still, instead, they may partner with Duracell. Certain products/sub-brands may operate better with a level of autonomy instead of co-creating with other brands, even within the same family.

On the other hand, Cadbury Dairy Milk and Oreo have been able to pull this off. Oreo is a brand from Nabisco, a subsidiary of Mondelez International (previously Kraft Food), but on the acquisition of Cadbury, both brands Dairy Milk and Oreo came into the Mondelez branded house. They have been able to use Oreo as a sub-brand for Dairy Milk. This however does not hinder the extension of Oreo. This is because Oreo is just another product to meet the needs of consumers.

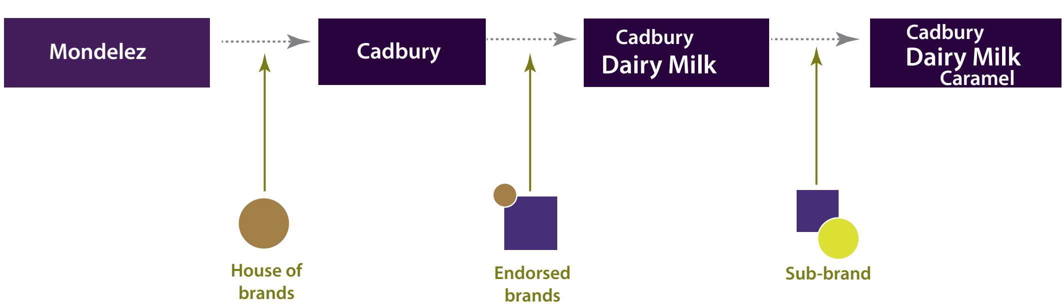


Fig. 11.5 Same brand family, different brand structure. (*Source*: Author)

11.5 When to Consider Brand Architecture

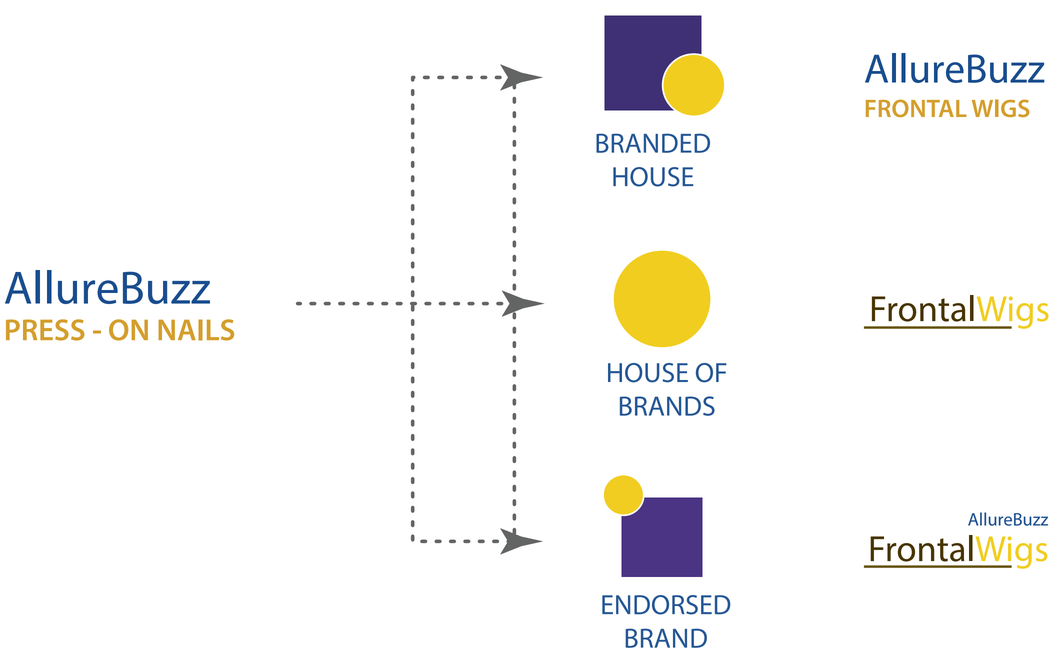
The brand architecture audit is the starting point for developing the brand relationship structure. To understand the present structure and how it will/should be positioned within the market. Depending on the brand and level of development, this audit is the responsibility of someone with far-reaching managerial powers, like the CEO or the brand manager. The need for a brand audit as a prerequisite for brand architecture applies to a new and growing brand, as well as to the more established house of brands. It is necessary to consider brand architecture at four different stages.

11.5.1 Starting Out

At the initial stage with just one brand and considering the identity of the sub-brand, it is essential to understand which direction to take. Consider ◘ Fig. 11.6 with AllureBuzz, makers of press-on nails planning to extend into frontal wigs, another beauty product. Would you want to go for a branded house where the next brand has a similar name to the master brand? Would you want to go for endorsement or sub-brands where the master brand's name is still on the new brand or a house of brands? Choosing a new name for the brand is a way to start. This first stepping out is essential in defining the future direction of the brand relationship. This decision may be more applicable to smaller brands, especially those that are just launching a new product or services. Understanding this structure right from the beginning, even before the product is launched, is essential in defining the future growth of the organisation and its market positioning. Small brand owners should not grow without supporting guidelines to shape future growth. Planning for the brand architecture helps in creating the bigger picture, presenting the blueprint for potential expansion of the business.

11.5.2 Growing

It is essential for established brands thinking of growing their existing brand line to consider their brand architecture. This is a stage between starting as a new brand and expansion through mergers and acquisitions. It is necessary to understand how to associate each



◘ **Fig. 11.6** Conceptualising brand extension. (*Source*: Author) sub-brand and new acquisition to the parent/master brand. The brand may have been adopting a branded house strategy but when starting to grow and expand into another market they may need to consider another brand relationship strategy, perhaps endorse brands, or acquire different brand names going the route of the house of brands (Round and Roper 2015). Google started as a branded house with Google search, Google map, Google AdWords, but with expansion and growth, the arrangement has changed. The modular arrangement of the brand architecture can make it easier to add sub-brands in the form of additional products and services.

11.5.3 Buying In

At this stage, there is an established structure, but the decision to acquire another brand may change the dynamics and branding structure of the master brand. An audit is essential, to understand how things have been done previously and the direction to go from now on. For a merger or acquisition, will the new brand be rebranded to align with the existing branded house strategy or will the newly acquired brand make the master brand a house of brands? For example, when Cadbury was acquired, the name was not changed, it retained its identity, but when Le Meriden Hotel in Abuja Nigeria was acquired, it was rebranded as NICON Luxury to align with the NICON brand of the acquiring brand.

11.5.4 Clearing Out

At this stage, the whole house looks messy; many brands have been acquired and they have retained and used their brand identity. The house of brands now has many brands that are duplications, many of which may be demerged, sold off and removed from the portfolio. A proper brand architecture audit is essential to establish the current state of the organisation's brands and restructure the relationships. This audit can be done at the individual sub-brand level and the master brand level (depending on how different the structures are), in order to reveal mismatches, divergent positioning and various inconsistencies across the portfolio. This audit involves working with brand consultants, designers and customers, to understand how the brands can be structured. The outcome of the audit may necessitate selling off some brands, rebranding some brands (changing or restructuring the brand naming relationships), reducing the number of levels required in the architecture hierarchy and possibly using colour codes and pack sizes to differentiate the sub-brands. This audit and restructuring may apply to a house of brands which has acquired many brands over the years.

11.6 Importance of Brand Architecture

11.6.1 Brand Organisation and Administration

Developing the brand architecture helps a brand to fully understand the broad range of brands they have in their portfolio, especially across geographical markets and product lines. The manager can identify duplication and overlap within the portfolio. This understanding aids the organisation in the collection of its brands and its administration. It ensures the smooth running of an organisation as it can be easily managed, responsibilities (for brand managers) delegated and marketing plans actualised. The brand architecture can also be used for gap analysis, to understand if there are areas within the portfolio that need to be strengthened, perhaps by acquisition or line extension (Åsberg and Uggla 2019). Designing and presenting the brand architecture ensures the protection of the brand equity, the inherent value of the brand is retained and its ability to extend its strength into other sub-brands. This brand architecture ensures the brand has got the needed human resources to manage the brands and different sectors. By identifying the different brands, the brand managers can allocate brand-building resources, effectively evaluate how everyone is doing and make a strategic decision about the sustainability of each brand (Gabrielli and Baghi 2020).

11.6.2 Mergers and Acquisitions

The brand architecture helps the brand prepare for mergers and acquisitions. For brands considering part-acquisitions, they know the sectors to consider. For brands considering acquiring another brand, the manager can envisage where the newly acquired brand will fit based on their existing structure. Also, for a brand with too many brands in too many segments, the brand architecture highlights the opportunities for demerging and selling off some brands. Importantly, it also provides the blueprint that ensures future expansion and differentiation of the brand. Managers know the possible markets to expand into, the needed brands to acquire and where they will fit in the existing structure.

11.6.3 Creating Coherent Brands

Conscious decisions to arrange and structure the brand within a master brand's portfolio can assist the creation of a coherent brand. This can be done either through internal extensions like line and category extensions or through acquisitions. Brand managers can work with and effectively promote the brands. The brand architecture ensures the internal coherence of all the brands which feed into the brand identity design, communication and brand integration (Hemantha 2020). The brand manager can effectively communicate the right message about a sub-brand to the target audience. As Aaker and Joachimsthaler (2000, p. 8) note, "coherent brand architecture can lead to impact, clarity, synergy, and leverage rather than market weakness, confusion, waste, and missed opportunities." For staff and managers as well, a coherent brand makes it easy for everyone to work together, it provides clear direction and responsibilities.

11.6.4 Customer Awareness

Having a strong structure and communicated brand can help the consumer and other stakeholders have a better understanding of the brand and its offering. The brand architecture provides clarity of offering and allows the brand to play multiple roles and have different exposure to their customers. The understanding of these brand relationships help customers to navigate the vast choices available (Mogaji et al. 2018, 2020). Importantly, it influences consumer behaviour when existing knowledge about a master brand is transferred to a sub-brand. People can transfer their experience of Virgin Airlines, to perhaps Virgin Trains or the experience of using Mac, to iPhone. With a positive attitude about the master brand, customers are much more likely to try one of its sub-brands. Understanding how the brands relate can help managers refine their product and service lines, connect better with their customers and derive high return from their marketing expenses. This understanding can also influence the advertising and marketing campaigns as the managers can invest in a campaign to support a sub-brand or reach out to a specific customer base.

11.7 Implications for Brand Managers

How does brand architecture affect the role of a brand manager? You may ask, why bother? This may depend on your role and managerial responsibility. As the owner of a small fashion line in Paraguay, you are the CEO, the brand manager and you have full administrative responsibility, compared to a brand manager in Ralph Lauren, who may need to consult and discuss plans with many people. In any case, it is important to consider the following implications.

11.7.1 Brand Relationship Styles

Understanding which brand relationship styles fit your brand is essential. It is necessary to explore all the options and know their prospects and limitations, to know the stage of the brand's development and awareness and then decide on which approach to adopt:

- For a more established brand with a strong master brand, a sub-brand or endorsement might be a better idea because the customers' awareness and trust in the master

brands can be effectively transferred to the new sub-brands, as seen with the iPhone.
- For a new brand starting out and considering expanding, a branded house could be a safer option whereby the sub-brands still have the protection of the master brands. You do not want to confuse prospective customers by going down the route of the house of brands. If the master brand is not well known, introducing other brands with a different name might further confuse the customers.
- For a merger or acquisition, a house of brands may be more applicable whereby all the sub-brands that have been acquired are brought into the fold of the master brand. However, the sub-brands still maintain their identity and positive brand association with the customers.
- For a brand targeting the same market with different products, they may consider the branded house, where the well-established and known master brand is used for positioning the new entrant, sub-brands.
- For brands targeting a new market where the master brands may be unknown, using a different brand name for the sub-brand, becoming a house of brands may be a better option.

Importantly, brand managers need to understand the existing structure of their brands, the brand target customers and the products or services being offered by the brand before deciding on the naming strategy and relationship to adopt.

11.7.2 Brand Architecture Communication

Like brand identity, you want to create a brand architecture and keep it, and it must be shared and communicated with all stakeholders. Even though the brand architecture is not a legal requirement for a company to operate, it is always good to have one as it is externally facing, meaning customers will engage with it. Therefore, it must be clear, communicated, coherent, consistent and creative (Mogaji 2019). The customer should see and understand the relationship within such a multifaceted organisation. This understanding will aid their choice-making process and build more loyalty. The communication process should also feed into the brand guidelines to ensure both internal and external stakeholders know how to work on the brand. The website needs to be updated to communicate, possibly in visual form, the coherent brand structure. This means enough information should be made available to every stakeholder. This should be deliberately done by the brand to ensure everyone is carried along in the process of managing the brand architecture of a company.

11.7.3 Brand Management

In managing the brand architecture and recognising that some brands may have been demerged, sold off and new brands come on board, it is essential to manage these integrations effectively (Keller and Lehmann 2006). For acquired brands, this may involve changing the brand identity design and packaging, updating the brand guidelines and brand architecture and any information that still relates to the previous brand owner. For demerged brands, it may also be necessary to update required information, to communicate with stakeholders about the change. United Biscuits, though the brand has been acquired by Yildiz Holdings and integrated into Pladis group, it still has a website as at August 2020; however, it contains a message that the brand has joined the Pladis group and therefore, visitors should visit the new website.

A blueprint for the future integration and management should also be developed, to ease the process of inclusion in the brand architecture (Koschmann 2019). There should be guidelines that highlight how subsequent acquisitions and sub-brands will be renamed and arranged in order to align with the overarching brand strategy of the master brand. There should also be a blueprint to showcase the role of each brand (as a sub or an endorser), to understand the scope (location, market or customers) and their relationship (master to sub-brands). Integrating the new staff into the culture of the brand is also part of the brand management process.

The cost implications of developing and implementing the brand architecture are also worth considering as part of the brand management process. Can the company afford to do all the rebranding necessary to get the brand on the right footing? Can the company sustain brands that are not performing? Can the brands acquire brands to help in their diversification strategy? These cost questions need to be strategically considered.

11.7.4 Brand Portfolio Evaluation

The brand portfolio needs to be regularly audited and evaluated to ensure that financially sustainable brands are supported while discontinuing some other brands (Shahin and Pourhamidi 2020), As seen with Odwalla smoothie brand, Coca-Cola CEO James Quincey alluded to the need to restructure the brand portfolio as smaller brands that account for over half of the company's portfolio only generate around 2% of its revenue. In comparison, the remaining 50% of the company's brands account for 98% of its revenue. This has, therefore, necessitated the need to invest more resources in its strongest brands and phase out its smaller, less profitable brands.

In 2019, British American Tobacco restructured their brand portfolio to accelerate their growth further considering the decline in tobacco consumption. They simplified their new category product portfolio, creating fewer, more reliable and more trusted international brands. This brand portfolio evaluation aids the decision-making process for the managers, to remove some brands and evaluate the brand architecture.

11.8 Conclusion

A brand is expected to expand its portfolio, and this can become chaotic with different duplications and inconsistency. Here the brand architecture comes in to structure the brand relationship and make it easier to manage. The architecture highlights the relationship between the master brands and its sub-brands, ensuring balance and a message that is communicated to the customers.

We have discussed four different types of brand relationships and the benefits of this structure for the brand managers and the customers. The managers find it easier to manage their product portfolio and delegate resources while the customers find it easier to make their choice. The customers are seldom aware of these relationships and seeing a recognised brand endorsing a sub-brand might make them replicate their sense of association with subsequent sub-brands.

Brand architecture should be modified, redefined and improved regularly; building on the brand architecture audit, some brands may be removed because they are not financially sustainable. In contrast, some brands may be acquired to fill a gap in the brand's portfolio. Brand architecture is important for all types of brands, not just established brands acquiring and merging but also smaller brands aspiring to grow; they need to plan how their future brands will be structured.

Key Points

- With brand extension, acquisitions and mergers, the brands in a company's portfolio become larger.
- There is the master brand, and there are sub-brands, and there could be sub-sub brands (Mondelez, Cadbury, Dairy Milk, Dairy Milk caramel).
- Brand architecture is about structuring the relationship between these brands.
- This structuring could be in the form of a house of brands, endorsed brands, sub-brands and branded house. There are also possibilities of hybrid versions or multiple structures within a brand family.
- Developing the brand architecture helps the brands organise and manage their portfolio; they can identify the product to remove or products to acquire.
- Even if a small brand does not have sub-brands, it is essential to have a blueprint and plans for expansion.

▶ Student Activities

1. How would you describe brand architecture?
2. Why should a charity organisation consider their brand architecture?
3. What are the different types of brand architecture?
4. Can you give an example of brands for the different types of architecture?
5. What brand relationship strategy would you suggest for a relatively young brand expanding into another country and why?
6. What is the difference between the house of brands and branded house?
7. What is the difference between endorsed brands and sub-brands?
8. What are the critical implications of brand architecture for brand managers?
9. When would you consider designing and developing brand architecture?
10. What are the financial implications of brand architecture?
11. How important would you describe brand architecture communications after a merger?
12. Describe the importance and possible outcomes of brand portfolio evaluation. ◀

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Contemporary Issues in Brand Management

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The 12 weeks of training are coming to an end. Alex, Code and Sam have become friends because of their shared interest in physical activities but have become even closer through discussion and engagement around branding. These are three different people with three different businesses and three different brand management responsibilities. They feel accomplished in the locker room, proud of what they have done and curious about what comes next. They know they have improved their physical health and realise that it is not the end but merely the beginning. They need to remain active to stay in shape. Other things compete for their attention and distract them. It is essential to stick to guiding principles. They acknowledge the sacrifices they have made to get this far, to improve their physical health and appearance and build their brands. Though it is time to go their separate ways, they promise to keep in touch and support each other through the process. Sam and Code agree to continue to support Alex's charity organisation in getting donors. Code also plans to partner with Sam in order to take the drink brand global. Brand management requires a lot of engagement with competitors and customers. As seen with these three friends, though their time together may be over, there is still an ongoing bond and commitment to support each other. Brands needs to recognise that even when they may be well established, it is still important to recognise the connections and commitments to their stakeholders.

Overview

The business environment is changing, and likewise, consumer behaviours are changing. Brands are becoming aware of the consumers' power to shape the brand through engagement. It has, therefore, become critical for brands to be aware of the contemporary issues around brand management, especially the prospects of social media, sustainable consumption and ethical practices. To manage these issues, there is a growing demand for a Chief Brand Officer (CBO), someone with the overall responsibility of managing the brand, someone who oversees the ethical collection of data about their customer base and prospective customers, a crisis manager who understands the implications of online brand mentions and many other metrics, someone who can take responsibility and think on the spot. In this chapter we discuss how these contemporary issues can be relative, depending on the brand, the market, the customer base and even the country; however, to streamline our discussion, we have identified key stakeholders and the various relationships which shape these issues.

Key Question

With changing consumer behaviour and business practices, how can a brand remain commercially relevant and viable?

Learning Outcomes

At the conclusion of this chapter, you will be able to

- explain the role of Chief Brand Officer;
- describe brand customer engagement;
- describe brand-competition engagement;
- describe brand-customer-community engagement; and
- describe contemporary issues in brand management.

12.1 Introduction

Brand management is a holistic process that aims to add value to a brand, which could be a person, an event, an organisation or an object. Managing a global brand across a whole range of countries differs from managing a global charitable organisation; however, the basic management principles are the same. Efforts are needed to understand the customers and to shape the brand's offering to meet their needs, and the customer experience is very relevant.

As illustrated in Google Ngram Viewer, (◘ Fig. 12.1) since around 1980, there has been an increase in the use of the word "branding." People are starting to understand and recognise the concept of branding and its implications. Academic research on brand management has accelerated dramatically as both practitioners and academics recognise the value-added benefit of branding and its management (Brexendorf et al. 2014). The branding landscape is continually changing as consumers' expectations change; brands are competing for consumers' attention and there are massive amounts of data to understand the consumers. Likewise, the socio and political climate is changing (◘ Fig. 12.1).

All these changes are issues for brand management. These are concerns for brand manag-

◘ **Fig. 12.1** Google Ngram Viewer showing the growing use of the word "branding." (*Source*: Google Ngram Viewer)

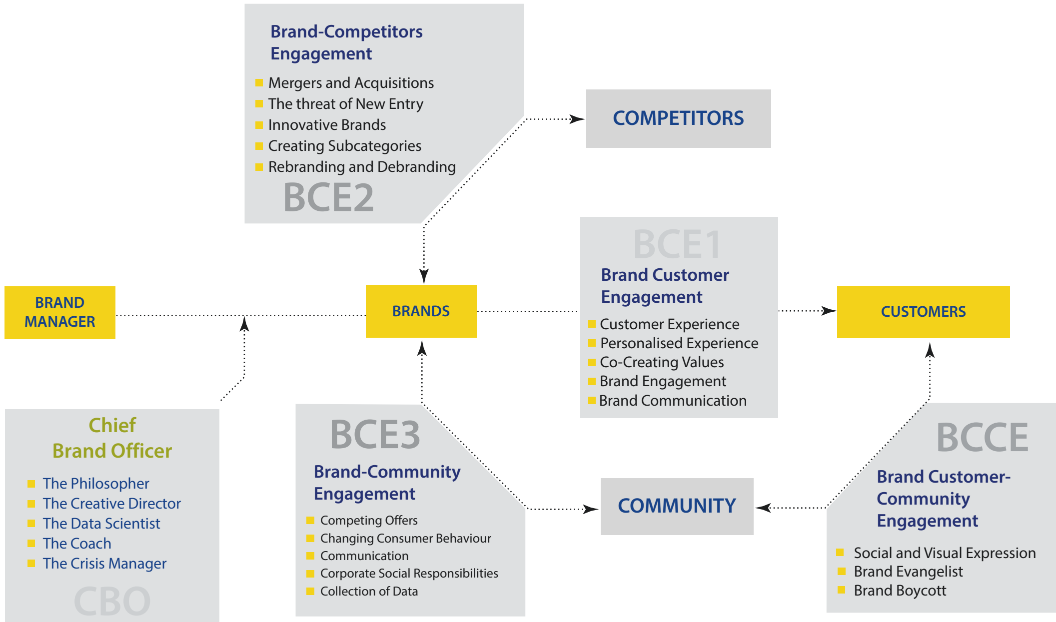

Fig. 12.2 Contemporary issues in brand management. (*Source*: Author)

ers in this day and age. These issues are not just limited to global brands. Smaller brands, charity brands and even individual brands have challenges that inhibit their brand management. These can be issues that keep managers awake and on their toes. Issues they need to respond to so their brand equity does not erode. Managers need to be aware of these issues and put measures in place to address them.

There are some key stakeholders shaping these issues. Figure 12.2 below illustrates the relationship between the brand and the customer. This is the basic form of engagement, recognising that the brand needs to engage with the customers, to understand their challenges and address them accordingly. Also, there is a relationship between the brand and its competitors, which shapes innovation and the need to be different. There is also the brand and community engagement which encompasses those who may not be the customers but who are taking note of the brand's actions. These are citizens of a country seeing how the brand is destroying their water bodies, causing oil spillage as they search for crude oil for their business. The brand-consumer-community engagement also exists as a show of social and visual expression. When a brand has customers that are using it to make a statement in their community, that can lead to more brand evangelists championing their brand and on the other extreme, people may boycott the brand. The role of a brand manager in the form of the Chief Brand Officer (CBO) cannot be underestimated. The officer has a key role in managing the brand.

12.2 Chief Brand Officer

The Chief Brand Officer (CBO) is one of the executive-level managers within a company, often referred to as c-suite executives (others may include Chief Executive Officer (CEO), Chief Marketing Officer (CMO), Chief Operating Officer (COO) and Chief Information Officer (CIO)). The CBO is a relatively new executive-level position being created by brands to address many contemporary issues they are facing. The CBO is a board member, working with the CMO to craft and deliver a message that shapes the perception of the brand. In 2011, Citigroup appointed Dermot Boden as CBO, saddled with the responsibility of developing the firm's brand and assuming leadership of its brand strategy. In the same year, McDonald's Corp. appointed Kevin Newell to be its new global CBO. Bozoma Saint John served as CBO at Uber until June 2018.

While this c-suite role usually applies to big brands, it may be relevant for smaller brands where the brand owner can take the additional responsibility as the CBO, and it could even be the marketing manager doing the same work as a CBO without the title. Jones (2017) notes that the CBO role is changing dramatically and suggests a new way of thinking about the new position. He suggests that the role is a combination of philosopher, coach, scientist and creative director. Importantly, an additional role has been added to this mix—crisis manager. For example, if a recording of a staff member comes to light that could negatively affect the company's reputation, things can quickly go viral on social media. This was the case of a Starbucks manager in the United States who called the police on two black men for trespassing as they waited for their friend and this led to a national outcry. In these crisis situations, the brand manager must be able to respond effectively to protect the brand.

12.3 Brand Customer Engagement

12.3.1 Customer Experience

Brands need to be mindful of how they enhance the customer experience. This is essential for building loyalty and repeated sales (Hollebeck 2011b). It could be the way the flight crew attends to a passenger or the promptness of responding to a query on social media. Brand managers need to be aware of increasing customer expectations, and therefore, every effort must be put in place to respond to their needs as soon as possible.

12.3.2 Personalised Experience

Beyond the customer experience is the personalised experience. This is not just treating all the customers the same but personalising the experience (Dwivedi et al. 2019). The will enable the customers to feel a sense of attachment and connection with the brands. This could be a personalised birthday card, personalised sales offer or incentives that shows the brands KNOWS the customer—something which is not generic but specialised and perhaps customised.

12.3.3 Co-Creating Values

This engagement allows the co-creation of values. Bringing the customers on board to share ideas that shape the direction of the brands is also necessary. The customers feel valued and appreciated as part of the brands. This could involve user-generated content for marketing purposes and engagement—allowing customers to show how they are unboxing the new product, using hashtags to share how they are using the product and co-creating future product and line extensions (Akman et al. 2019).

12.3.4 Brand Engagement

Customer experience, personalised experience and co-creation can all be described as a form of brand engagement. Consumer brand engagement is defined as "the level of a customer's cognitive, emotional and behavioural investment in specific brand interactions" (Hollebeek 2011a, b). Even with the customers' wiliness to invest in the engagement, the brand needs to go beyond social media to engage with customers, making an effort to understand the customers and meet their growing needs, recommending different products and suggesting alternatives (Gökerik et al. 2018). Brands strive to be human and build a loyal fan base through engagement. Ultimately, this should form a closer relationship, which ensures customer repeat patronage, retention and loyalty through affecting the customer experience (Verhoef et al. 2010).

12.3.5 Brand Communication

Customers must be made aware of the brand's offering. Brand awareness, considered as the "strength of a brand's presence in the consumers' mind" (Aaker, 1996, p. 10), can be enhanced through brand communications. This is not limited to brand-created and user-generated social media communication (Schivinski and Dabrowski 2015), but also advertising, corporate social responsibility and supporting social causes. Consumers want to see brands take a stance and communicate their actions.

12.4 Brand-Community Engagement

12.4.1 Competing Offers

This is a brand recognising that their competitors can offer the community (and their prospective customers) a more competitive offer and consumers are bound to consider these offers (Woodside 2012). It is the CBO's role to understand how to shape the brand message and convince these communities they have a better deal. Imagine Ola competing with Uber when it arrived in London. Though Uber may have been well established in London, Ola as a new brand needed to present a competing offer to attract passengers. How would you expect Uber to respond?

12.4.2 Changing Consumer Behaviour

Changing consumer behaviour also presents a contemporary issue for brands. For example, as there is an increase in awareness about fast fashion and its implications, consumers are changing how they shop, and this will affect some retail stores. As the world strives towards less smoking, and people are encouraged to quit, there are challenges for cigarette and tobacco manufacturing companies, which need to develop other viable ways to justify and sustain their business operations. Also, with the rise of vegetarianism and veganism, there are challenges for McDonald's, KFC and Burger King which sell meat products and it is not surprising to see them explore vegetarian products, even as there is growing competition from meatless burgers makers like Meatless Farm, the fastest-growing plant-based meat brand in the United Kingdom. This changing behaviour challenges brand managers to see how, and if it is possible, to position their brand for growth.

Case Study 12.1: Waitrose Partnership with Deliveroo

Changing consumer behaviour has increased the drive for online shopping, as many people are very mindful of their time, they buy their things online to save time, possibly with next day delivery. The coronavirus pandemic has further created a "new normal" where people are discouraged from going to the shop to physically buy things and again, they fall back on online shopping. This has no doubt affected retail and neighbourhood stores as there is reduced customer footfall.

To meet changing consumer behaviour and the quest for more efficient and fast delivery, Waitrose Rapid delivers groceries to selected areas in the United Kingdom within 2 hours. Waitrose is an upmarket UK supermarket chain with a huge reputation for quality products and customer service. It was named best supermarket in the United Kingdom in 2020. Customers appreciate the store appearance, quality of own-label and fresh products, staff availability and staff helpfulness.

While recognising that the pandemic has further changed the way consumers buy groceries, Waitrose partnered with Deliveroo to deliver more than 500 of its food and drink products to customers within 30 minutes in selected areas. Deliveroo is an online food delivery company based in London which allows customers to order food from restaurants and track the delivery on their phone. Deliveroo had its own challenges amidst the coronavirus pandemic as well, because restaurants were not open and the riders had limited deliveries.

This partnership, albeit a 12-week trial, is a response to contemporary issues in brand management. There is an association between two strong brands, complementing each other to remain viable businesses and enhance customers' experience. Considering Waitrose has limited physical stores in certain areas of the country and the impact of the coronavirus, many customers can now have access to the brand and its products through the partnership with the delivery company. Likewise, Deliveroo, known for delivering food from restaurants has expanded their business to deliver groceries.

For both brands this is a new business channel. Firstly, it is a brand partnership, a form of brand extension for a reputable retail brand and a disruptor delivery brand. Second, the partnership is a response to changing consumer behaviour (less time shopping, fast delivery and access to products from top brands). Third, this partnership addresses competition from other groceries stores and especially Amazon Fresh, Amazon's food service. Brands must adapt, innovate and respond to contemporary issues to remain viable and sustainable.

Reflective Questions

- Why do you think this partnership was made on a 12-week trial basis?
- Would you anticipate any failure in this brand partnership?
- Which brand do you think will benefit more from this partnership?
- Waitrose already has a two-hour home delivery service, Waitrose Rapid; why do you think they needed to partner with another firm to provide a shorter delivery time?

12.4.3 Communication

Communication still plays an essential role in engaging with prospective customers. Influencer marketing has a significant role in this communication process. Brand managers must be aware of the role of social media and the impact it can have on a brand (Mogaji et al. 2016). Social media can be used to communicate with consumers, and social media has empowered consumers as they engage with brands. Consumers can instantly make their concerns known about brands and share them on their social media platform. Consumers can ask brands questions, and if the brands do not give appropriate answers, consumers can take their business away. (See the example in ► Chap. 7 of Dave Carroll (Case study 7.1), who recorded a song to complain about United Airlines.)

Brands also use social media to communicate with other brands. This is often popular with Twitter, whereby brands humorously reply to other brands. This cross-brand banter keeps social media abuzz. There are examples from Delhi Airport and their engagement with IndiGo, India's largest low-cost carrier and with Air India. BMW, Mercedes Benz and Audi joined in Valentine mood cross-brand banter. Likewise, social media can be used to launch a negative attack on a brand (see the Yorkshire Tea Twitter experience in ► Chap. 7 (Case study 7.2)). The brand manager must be able to deal with positive as well as negative situations, such as in the case of the coronavirus and Corona beer. Google searches for 'Corona beer virus' surge as people confuse the beer with the virus. This pose a contemporary issue for the brand as they had to respond and communicate with their stakeholders. Bariso (2020) noted that Constellation Brands, who owns the Corona beer brand had to fight back with some data of its own, separating myth from reality. Brand managers must recognise the gravity of the situation and act accordingly.

12.4.4 Corporate Social Responsibility

12.4.4.1 Diversity and Inclusion

Brand management must also consider society's diversity as a present-day issue, as seen with the racially insensitive Pepsi and the Dove advertisements, which were subsequently removed. It is essential to understand diversity and how it can be used to a brand's advantage. Maltesers created an advertisement using Braille to engage with blind people, and a silent advertisement using only sign language to connect with people who are deaf. Mogaji (2016) notes there are opportunities for advertisers to integrate disabled individuals into their marketing campaigns, not just as a business strategy for targeted markets but as individuals in a diversified community. Lesbian, gay, bisexual and transgender (LGBT) people could also be featured in advertisements for products and services that couples usually buy together, for example, holidays and mortgages. To further demonstrate inclusivity, brands are changing their logo, modifying it with the LGBT rainbow colour for Pride Week. Brands need to make sure their team is diverse, there is equal pay (no gender pay gap) and everyone is treated equally.

12.4.4.2 Social Injustice

Being "woke" and taking a stance on social issues is essential (Wilson 2020), as seen with the Gillette advertisement on toxic masculinity that backfired. People were questioning why the razor brand is getting involved in the #MeToo debate and consumers did not hesitate to share their disappointment. It is crucial for brands to recognise the differences in society and to be mindful of the methods they use to engage with consumers. With the Black Lives Matter (BLM) movement, brands need to take a stance. Many brands have released statements and made commitments. Nike announced a $40 million commitment over the next 4 years to support the Black community in the United States.

While donations and public solidarity are essential as they build and enhance the brand reputation and importantly many black-led institutions and charity organisations benefit from these donations, it is necessary not to neglect the interior branding of these organisations. The interior branding here means what these organisations are doing behind closed doors. How many opportunities are being provided to black people? How are the black staff working in an organisation being treated? How many black people are in leadership positions in these companies? It is not just about making a statement and donating but ensuring that the public announcement is congruent with the private action.

It is not surprising to see many brands being called out for not acting and showing solidarity (Dahir and Onibada 2020). People expect the brands to "walk the talk," not just make a statement but act. A recent survey by Polling USA showed that 65% of people think that brands that released BLM statements are doing that to retain customers while 15% thinks these brands care (Polling USA 2020). This could suggest tokenistic comments on diversity & equality without taking responsibility to improve their practice.

12.4.4.3 The Brand Goodness Quadrant

This issue around the public communication of brands and their private actions in times of increasing awareness of social injustices has led to the classification of different brands. This classification is presented in the brand goodness quadrant illustrated in ◘ Fig. 12.3. This figure is a 2 × 2 quadrant that intersects public statement-making, as a form of "saying good," a kind of advertising, PR and marketing communications and private action, as an indication of "doing good," dismantling systemic racism and inequality, addressing lack of representation and creating access to opportunities.

Public Statement with Private Actions

These are the brands that show they are good, take positive actions and do good things. They have made a statement in solidarity, they have publicly donated money, but importantly, the internal process of the organisation gives opportunities for all people irrespective of their gender, race or age. Their actions provide

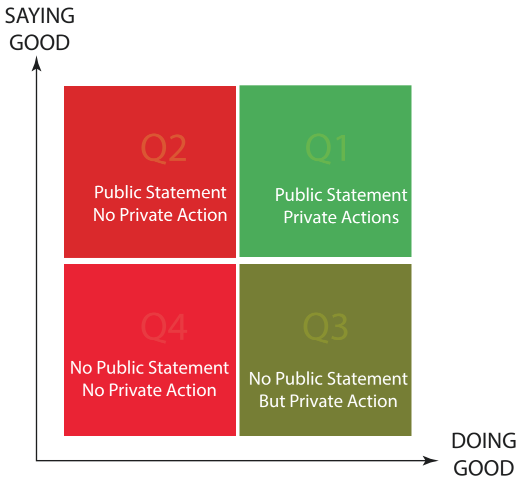

Fig. 12.3 The brand goodness quadrant. (*Source*: Author)

opportunities to overcome social injustices, they protect the environment and they certainly do good. These brands are not just making a statement, but they are taking private actions to support their statement. This is what is expected from all brands. It can be considered as the pinnacle of brand goodness.

Public Statement with No Private Action

These are brands which are all talk but no action. They want to join the bandwagon, releasing solidarity statements saying we care for the environment; we care for staff and customers, but they do not have actions to show that support. They do not have black people in leadership, their staff and suppliers are mistreated; they are destroying the Amazon rainforest in search of palm oil and causing oil spillage in the Niger Delta. Though they have made a statement, they may have even donated money, that does not excuse them from their responsibilities to their staff, customers and suppliers. Many brands will be in this quadrant, but hopefully they will start taking actions to move into the goodness quadrant—saying good and doing good.

No Public Statement But Private Action

The fact that a brand has not released a statement does not mean they are not doing good privately. Though customers and other stakeholders may be expecting their brands to state solidarity and may feel disappointed if the brands are not displaying any, at the end of the day, they will come to appreciate the fact that their brands are doing good to support their staff, suppliers and the environment. These brands might claim they do not want to blow their own trumpet or better still, they want their actions to speak. It is, however, essential for a brand to take a stand as in this contemporary world, customers are expecting the brands to at least "say something."

No Public Statement with No Private Action

This part of the quadrant is not for any brand that wants to succeed. These are brands that have not made any statement, and they do not have any private actions to indicate any form of solidarity. These are bad brands. They have not even made a statement to save their faces, and they have not publicly declared solidarity. These brands are showing that the environment does not matter, their suppliers can use child labour, and their staff can be mistreated. It is, however, essential for these brands to take responsibility, to evaluate their practices and reflect on their actions. Perhaps before making any statement, they should improve on these actions and enhance the wellbeing of their staff and start trying to be good. Not taking a stand may make people think the brand stands for something they do not stand for. It is important that such brands explicitly make their stand known to their brand users.

It is possible to see brands move around these quadrants, and many brands may decide to take responsibility and improve on their business practices to match what they say with what they do. It will not be surprising also to see brands that get lackadaisical in their actions and lose focus. Good brands can do bad (Aaker et al. 2004). Brands must make a conscious effort to focus on their brand values and promises (Roper et al. 2018). To recognise what the customers expect of them. Importantly, brands should also have ways to stay within the doing good and saying good quadrant.

No brand name has been listed for any of the quadrants. The brands know where they belong, the customers and other stakeholders know about the actions of these brands. They know about the staff that have been denied career opportunities because of the colour of their skin; customers that have experienced systematic racism and suppliers that have been unfairly treated. All these stakeholders can place the brands in the right quadrant. This understanding is, however, meant to be a challenge for the brands, to evaluate and reflect their practices, to see what they have done and perhaps how best to improve their actions. It is not just about donating but also taking actions in private to show the brand truly cares.

12.4.5 Collection of Data

As consumers engage with brands across different digital media, they leave digital footprints. These footprints allow the brands to have a better understanding of the consumers. When collecting data for analysis, a brand should place its focus on a few key priorities, which include finding qualified leads, using opt-in permissions and ensuring ease of use for the brand and its customers. Vast amounts of data are being generated due to the increased use of mobile devices, cloud computing and the internet. This has contributed to the significant development of Artificial Intelligence (AI), which offers opportunities to enhance campaign creation, planning, targeting and evaluation (Mogaji et al. 2020a, b, c). The CBO must be able to take responsibility for the ethical collection of data for marketing purposes, and likewise, these data should be stored appropriately. In 2015, data from nearly 157,000 TalkTalk customers were accessed after a cyber-attack on the telecommunications company's website. This harmed the brand reputation. The company was fined a record £400,000 for poor website security, and it had to compensate customers.

12.5 Brand-Competitors Engagement

12.5.1 Mergers and Acquisitions

As competition intensifies and consumer needs are changing, brands need to be aware of mergers and acquisitions as a means of survival and maintaining market leadership. Kraft once tried to buy Unilever, but Unilever rebuffed the attempt. O2 and Virgin Media planned to merge creating a new UK telecoms giant which can rival BT and Sky. Telkom Kenya had to opt for another strategic direction as their merger with Airtel Kenya was called off. Brand managers must be aware of these prospects, and possible actions to either accept offers in order to ensure their financial sustainability or to go out and acquire another brand. This may, however, not be as easy as anticipated. Imagine Google buying Apple, this might not be possible for many reasons including regulatory reasons, monopoly and consumers' interest.

12.5.2 The Threat of New Entry

The threat of new entries into the market also poses a challenge for managers. Many companies may think they can provide innovative service compared to what is available now. Currently, consumers are averaging around seven visits to a bank branch per year. This decline and the growth prospects of technology have shifted banking to smartphones and websites. There are challengers and neobanks are coming on board to disrupt the industry. These banks do not need any physical branches as financial services are provided through app platforms on mobiles and tablets. Managers are aware of these threats and trying to withstand them. The traditional brands recognise the presence and prospects of the challenger banks, and they are extending their brands and creating digital and mobile-only banks. Meem is a standalone digital banking offering from Gulf International Bank (GIB), launched in Bahrain in spring 2018. Israeli Bank Leumi launched its mobile-only banking subsidiary, Pepper, in June 2017. B was launched in 2016 as a digital bank from Clydesdale Bank and Yorkshire Bank in the United Kingdom. BNP Paribas is the parent brand of HelloBank. Simplii is the digital-only arm of CIBC, offering a full suite of financial products to the consumer market. While the parent brands are trying to develop the traditional bank brands, alongside this they are also developing challenger bank brands to meet consumer demand.

12.5.3 Innovative Brands

Innovating the brand is necessary. With billions of dollars in research and development, brands are staking a massive amount of investment in developing innovative products and services. In 2016, GM spent $581 million to acquire Cruise Automation to gain software expertise that is critical to the development of autonomous driving systems and, eventually, driverless vehicles. Honda Motor Co was to partner with Waymo, the self-driving car unit of Alphabet Inc. to jointly develop autonomous cars but walked out of the deal to partner General Motors Co.'s GM Cruise LLC unit instead, choosing a familiar partner over a tech giant. Technology has disrupted many industries, and existing brands with these industries must respond to this disruption or else they may become obsolete.

12.5.4 Creating Sub-Categories

Another contemporary issue for brands relates to sub-categories. Strategic questions need to be answered. Such as, how far can a brand be stretched before diluting the brand? How many sub-categories can you have within a brand in order to meet the demands of the customers? Consider Freddo Caramel from Mondelez—Mondelez > Cadbury > Dairy Milk > Freddo > Freddo Caramel. Aaker (2014) notes that the need to keep creating sub-categories requires "substantial or transformational innovation and a new ability to manage the perceptions. Customers should not be confused with these sub-categories even as brands are trying to meet customers' needs."

In addition, there are diffusion brands, also known as "second lines" from fashion brands like Armani Exchange (AX) for Armani, CK for Calvin Klein and Pink for Paul Smith (Phau and Cheong 2009). Luxury brands willing to attract the general masses are also creating *masstige* brands which stand for mass prestige (Paul 2018), which are brands that have the mass prestige, appealing and affordable, but also a prestigious value. They have been described as luxury brands for the masses and an accessible super premium (Silverstein and Fiske 2003). An example is Tag Heuer Formula 1 costing £1300 while Tag Heuer Link costs £3950. Tag Heuer can still be considered a luxury brand, but they have created a subcategory which is more affordable and may appeal to the masses.

12.5.5 Rebranding and Debranding

Rebranding and debranding are becoming a competitive stance as brands react to actions from their competitors. Many brands are rebranding to appear current and up to date. Mogaji (2018) observed the trends in UK universities to change their logos and rebrand. This is becoming a norm within the sector. Brand managers are questioning the currency of their brand identity, asking if it is time to rebrand and appear fresh to the customers. The decision to rebrand may also be triggered after a merger or acquisition.

Also, there are growing trends from established brands to debrand (not demerge). Debranding is when brands make a conscious effort to reduce the creative elements on their brand identity. This debranding is often about removing their name from the logo and just leaving the icon, taking into consideration that the brand identity is so strong, people can recognise the icon without the name. The first known example of debranding was by Nike in

1995. MasterCard debranded in 2019, being assured that the MasterCard symbol could now stand on its own as the consumer and commercial landscape continued to evolve. Toygar (2019) notes that the whole concept is to make the company appear more personal, more forward-thinking and less corporate but it may not be suitable for all brands, especially those that do not have a certain degree of existing brand equity. Other brands that have debranded are Starbucks, Coca-Cola and McDonald's.

Case Study 12.2: Apple Versus Pear

Apple is one of the most valuable brands in the world. In August 2020, it became the first United States' company worth more than $2 trillion but this has not stopped the brand from protecting its territories from competitors, both big and small.

Prepear is a mobile application (app) available on Google Play Store and Apple App Store for recipe and meal planning. The app is owned by Super Healthy Kids, Inc. which is a small business in the United States made up of a team of five staff. On January 26, 2017, Super Healthy Kids, Inc. filed an application to register the logo for Prepear. As a final step before approval, the patent office published their application in late 2019 for any objection and this got the attention of Apple and they raised an objection on the last day of the window to oppose the trademark application.

In March 2020, Apple filed a motion to the United States Patent and Trademark Office before the Trademark Trial and Appeal Board to oppose the trademarking of Prepear's logo. Apple filed for opposition on two grounds. Firstly, Prepear's logo is likely to cause confusion, mistake or to deceive and secondly, Prepear's is a dilution of a famous mark. Apple claims the "minimalistic fruit design" of Prepear's pear logo and its "right-angled leaf … readily calls to mind Apple's famous Apple Logo and creates a similar commercial impression." Apple has a logo which is described as a "design of an apple with a bite removed'" while Prepear has a silhouette of a pear with an attached leaf. A layperson could probably see the difference between an apple and a pear, but Apple feels differently about this and have taken this legal route to protect their brand.

Brand managers need to be aware of these contemporary issues such as protecting a brand, being mindful of competition, recognising the threat of new entrants and innovative brands. Apple noted that for years, they have used the Apple marks in connection with goods and services in the fields of medicine, healthcare and general wellness and perhaps because Prepear is considered a wellbeing app, it is likely to affect their business. Apple may have been known for technology but obviously they have extended into healthcare. How well can they protect their brands in the sector they have extended into?

Considering Prepear is a small company and may not have the resources to take up a legal case with a big brand like Apple, they created a petition and invited people to sign, with the possibility that it will force Apple to change their mind and withdraw the opposition. As at August 2020, the petition has been signed by over 230,000 people. There have been a lot of press coverage about this lawsuit and the overall sentiment is that Apple is abusing its position and bullying small firms.

Reflective Questions

- Do you think Apple should have opposed the logo of a small company, which may not be directly competing with them?
- What are the benefits of trademarking and registering a brand identity?
- How much resemblance would you expect between logos to justify a lawsuit? Is it because they both use fruits or because they both have a leaf?
- How would the negative press and comments affect the Apple brands?
- Beyond the petition, what would you advise Prepear to do? Should they change their logo or battle it out with Apple?

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12.6 Brand Customer-Community Engagement

12.6.1 Social and Visual Expression

Some people use a brand just because the brand stands as a representation of their values and what they believe in. Some people choose not to eat beef burgers because they are vegetarian and that means they are exercising their choice with a burger which aligns with their habits/beliefs. There are also many people that use an iPhone instead of an Android phone because they want to feel cool. This simply means there are perceptions of functional and emotional benefits by customers when they consume brands (Lin et al. 2017). The social and visual expression also recognises the growing use of computer-generated models being used in advertising. As consumer are using a brand because they have been influencers by a real social media celebrity, there are contemporary issues in further understanding the growing trends of these computer–generated models. Shudu, Margot and Zhi do not exist but they are computer-generated models for French fashion house Balmain. They are described as the Balmain's Virtual Army (Balmain 2020). As a contemporary issue, this raise questions on how do consumers perceive brands using computer–generated models, is it a true social and visual expression, does it share same attachment like real human social media influencers and what are the prospects for human influencers in an already saturated and competitive market. Brands needs to recognise how these benefits influence the purchase behavioural response of the consumers. This should encourage more brand engagement initiatives and building the brand community.

12.6.2 Brand Evangelist

This visual and social expression can also lead to brand evangelism where there are consumers who believe in the brand. These users feel "proud" to be associated with the brand and can share it with their friends and network. Brand evangelists can engage on social media, generate valuable content, and it builds more awareness for the brands. They are more than brand influencers who might have been paid to share the experience. Brands need to recognise and work with these brand evangelists to encourage such evangelism. Brand managers need to focus on building trust and enhancing the brand positioning, which will resonate with the consumers to make brand evangelists in the marketplace (D'Lima and Srivastava 2019). The brand must ensure a form of congruence between individuals and their favourite brands to convert them to a loyal customer and brand evangelist (Nandy and Sondhi 2020).

12.6.3 Brand Boycott

On the extreme of this brand engagement is the boycott. This is when customers are no longer willing to use the product, often because of a scandal, an action of the staff or their negative impact on the environment. The boycott often relates to religious beliefs (Dekhil et al. 2017), consumer rights as well as economic development (Chiu 2016). Some big brands decided to boycott Facebook, refusing to place an advertisement on the social media network because of racism and hate speech on the platform. There has been a call to boycott Oreo biscuit and other brands of Mondelez because the company decided to close its American factories and move production to Mexico. There are many reasons for asking for a boycott; often, these boycotts are called for on social media, using a hashtag to raise awareness and affect the sales and the value of the brands. The brand manager must, as a crisis manager, recognise these issues and identify any brewing calls for boycott. These boycotts are not only limited to big global brands; smaller brands can be boycotted as well.

12.7 Conclusion

This chapter brings us to the end of this introduction to brand management. Brand management is a holistic process that aims to add value to a brand, which could be a person, an event, an organisation or an object. Branding is an engaging and pertinent topic; it is a broad topic, and there are still many more areas to be covered. In the previous chapters, we explored the basic concepts of brand, branding and brand management. Ethics is a fundamental feature of brand management.

In this concluding chapter, we have described the role of a Chief Brand Officer as the officer responsible for the management of the brand process, curating the appealing message, shaping perception and importantly, managing crises. The CBO is also responsible for dealing with the contemporary issues in brand management, recognising the brand, customer, competitor and the community as stakeholders. Understanding these relationships and managing them is the key role of the CBO.

While many of the concepts and examples we have seen may be relevant for global brands, this knowledge and understanding can be applied to smaller brands as well, be it charity, sales, retail or humans. Brands need to be managed. A conscious effort has been made to identify and discuss different concepts and to show the relationship between each concept from the first chapter to the last.

It has been a pleasure taking this journey with you, and I wish you all the best.

Remember, you are a brand. Go manage your brand!

Key points

- Chief Brand Officer is an emerging c-suite role. This is not limited to global brands.
- Smaller brands need to have a Chief Brand Officer, who could also be the founder or marketing manager depending on the type of brand.
- A brand should effectively engage with their customers, personalise their experience and co-create value.
- Brand-community engagement is key, often the outward-facing activities to showcase the goodness of the brand.
- Brands need to consider their stance on the brand goodness quadrant.
- Brand-competitor engagement is critical. Brands should consider mergers or acquisitions, to remain innovative while recognising the threat of new entrants.
- Brand evangelists are needed, and they should be recognised to share their experience, and at the other extreme, brand managers need to be aware of the threat of boycotts and what can cause them.

▶ Student Activities

1. How would you describe contemporary issues in brand management?
2. What do you think are the key challenges for brand managers today?
3. What are the key issues or what are the implications of consumer engagement with brands on social media?
4. Do you think GAFAM or the "Big Five"—Google, Amazon, Facebook, Apple and Microsoft—will exist in 10 years?
5. How would you expect a brand to engage with the Black Lives Matter (BLM) movement?
6. Should a brand solve their diversity problem by employing computer generated images and virtual avatar models in lieu of real people of colour?
7. What are the implications of brand boycotts? Do you think they work? Why should a brand manager be concerned?
8. As you prepare for a career in the branding industry, how do you think you will manage your brand? ◀

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Supplementary Information

Book Summary – 258

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E. Mogaji, *Brand Management*, https://doi.org/10.1007/978-3-030-66119-9

Book Summary

Chapter	Key question	Overview
Chapter 1: Introduction to Branding	What is a brand, branding and brand management?	The idea is to introduce the reader to the concept of branding, which is the fact that everything can be branded, but different sectors may require a different approach to branding. Likewise, there are different professionals responsible for brand management.
Chapter 2: Ethical Branding	What is the economic, social and environmental impact of a brand?	The idea is for readers to recognise that ethics should be the bedrock of every business. However, it may be difficult for more established brands, but small brands may be more flexible in their approach. Likewise, there could be financial implications, but the satisfaction of doing good is excellent.
Chapter 3: Brand Philosophy	What are the guiding principles and core values of a brand?	The reader needs to recognise the importance of brand values which are the guiding principles of a brand. These principles include the core values, mission and vision statement of the brand, which serve as a promise and to set the brand apart from others. Often this may be coming through the founders or the senior management team. They provide the strategic direction and expect staff to work along in that direction.
Chapter 4: Brand Positioning	How is the brand being perceived in the minds of the consumers?	The perception of a brand is in the minds of the consumers. This perception makes them associate innovation with a brand, and likewise, they associate poor service with a brand. Brands will have to keep up with their excellent works, improve on innovative product development and quality service provision to convince the consumers about their positions. Brands are placed on pedestals in the minds of the consumers, and if the brands do not do well, they can be replaced.
Chapter 5: Brand Identity	What are the physical elements that distinguish a brand and make it highly recognisable?	The reader must recognise the value and importance of brand identity, something that makes a brand a distinguished company. Importantly, brand identity should not be about the logo, which is visual, it could be auditory which is a sound that is unique to a brand or tactile which is the shape and design of a brand to make it different. The role of the designer is also essential and deciding on this may be based on the type of brand, the expertise of the designer and the needed task.
Chapter 6: Brand Integration	How can consumers be aware of and recognise a brand identity?	Having a brand identity is not enough. The beautiful logo is not the end of Brand Management. Brands need to make sure that their brands are well integrated and seen by the target audience. This could be through advertisement and communicating a new brand, partnering with an organisation as a form of corporate social responsibilities or sponsoring an event. The main idea is to keep raising awareness about the brand and making it more recognisable.
Chapter 7: Digital Branding	How can digital channels and assets be used to communicate and position a brand?	Digital channels and assets are becoming an integral part of business practices and brand needs to use it effectively to communicate and position their brands. This includes content creation on social media, analytics and insight into brand mention, sentiment analysis to understand brand's positioning and prompt response to consumers' queries. This also includes other forms of digital devices like location-based advertisements to provide customised experiences and chatbot messaging to assist customers at every touchpoint. Consumers are getting used to these technologies, and brands need to adopt them as well.

Chapter	Key question	Overview
Chapter 8: Brand Equity	What is the financial and non-financial value of a brand?	There are many brands out there. There are many car brands, but some are more valuable than others. These values can be financial, in terms of the worth of the company, and it can be non-financial in terms of consumer's perception of the brand. The consumer feels the brand is unique and different on its own. Brand Equity represents the value of a brand. The brand ensures that they put everything in place to increase this value. Scandals, unethical practices and lack of innovation can affect a brand's worth.
Chapter 9: Brand Extension	What other venture can this brand be involved in?	A brand that has acquired goodwill from consumers, being around for many years and innovative with their product development and service quality may decide to extend their brands. The brand can build on their existing name or come up with a new brand name to make different or related products and enter a new market. This extension is a strategic decision that should not be taken lightly as there are financial and human resources implications. The new product line will have to be developed, branded and marketed.
Chapter 10: Brand Mergers and Acquisition	How do brands manage the process and aftermath of mergers and acquisitions?	Brands may want to increase their market shares by acquiring another brand, likewise, to save cost and operate more effectively, Brands may decide to merge. It is, however, essential to consider the management of this process. With brands coming together, it is essential to understand how their values align and how they can be incorporated.
Chapter 11: Brand Architecture	With a different product and line extension, how can a brand become more structured?	Brand extension, mergers and acquisitions extend the product line of a brand. There are many brands now operating under a big brand umbrella. It is now essential for the brand manager to arrange the brand and structure it for effective administration and control. This decision may involve employing more people, perhaps a brand manager for each product line.
Chapter 12: Contemporary issues in Brand Management	With the changing consumer behaviour and business practice, how can a brand remain commercially relevant and viable?	The business environment is changing, and likewise, consumer behaviours are changing. Brands are becoming aware of the consumers' power to shape the brand through engagement. It is, therefore, becoming more critical for brands to be aware of the contemporary issues around brand management, especially the prospect of social media, sustainable consumption and ethical practices. This means it is required of a brand manager to be innovative and creative. Brand managers must also be up-to-date and ensure that the decision they are making can guarantee the relevance of a brand in the future.

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